1953 Annual Report

SALES TOP THREE BILLION
Earnings, Dividends Up

DEVELOPING ATOMIC POWER

INSIDE THE GENERAL ELECTRIC MODEL HOME

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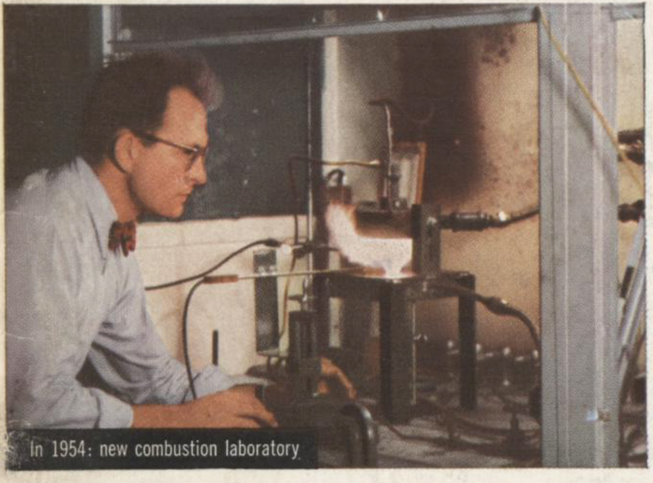
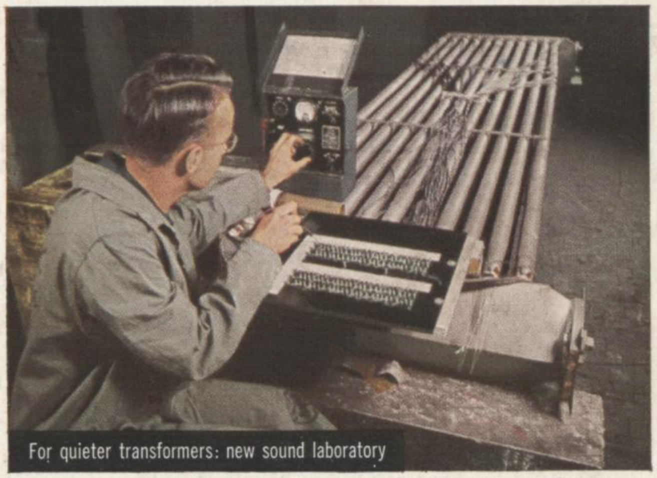
~~CORPORATION FILE~~

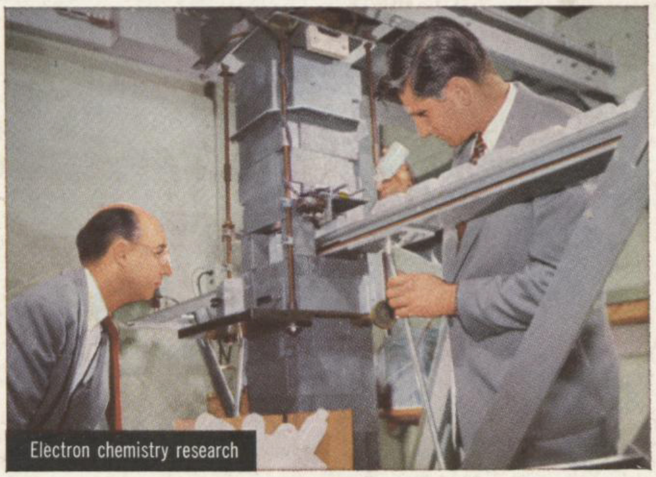
Under construction: metallurgical laboratory

For turbine development: a new laboratory


In 1954: new combustion laboratory


For quieter transformers: new sound laboratory

Manufacturing research laboratory organized


Electron chemistry research

New
Directions
of
General Electric
Research
and
Development

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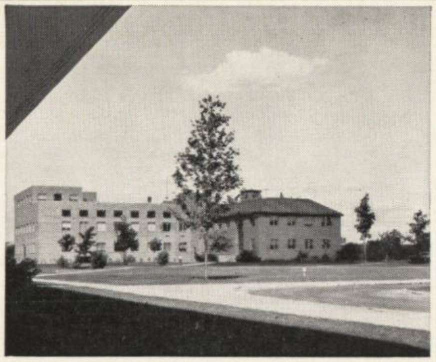
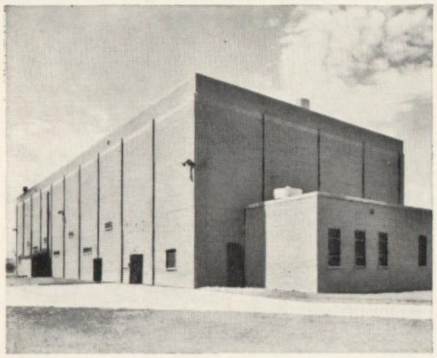
GENERAL ELECTRIC

RESEARCH LABORATORY—new facilities for metallurgical and combustion research are currently being added to the main laboratory buildings completed in 1950.



ELECTRONICS LABORATORY—expediting developments in new fields of electronics, recent extensions have tripled the capacity of this Laboratory, built in 1947

MEASUREMENTS LABORATORY was built in 1950 as a center for development work in electrical measurements. It also contributes to aircraft and nuclear instrumentation.



X-RAY LABORATORY, the world's largest for x-ray development, is multiplying x-ray uses in industry as well as in medical and dental work. It was established in 1947.

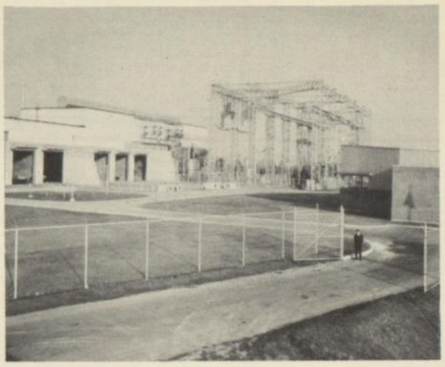
1953

1953

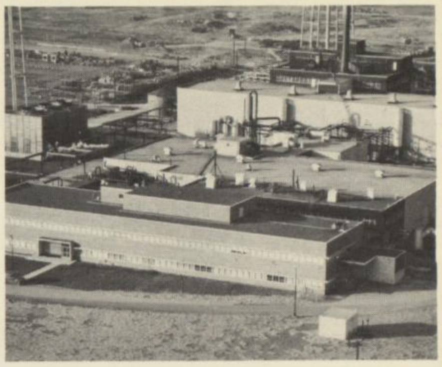
General Electric's investment in new laboratory facilities for research and development since the end of World War II gives assurance that the Company's products will be constantly improved and will therefore remain strongly competitive. But research and development are no longer confined to laboratories. Specialists are showing that savings can be effected, costs lowered and the conduct of business improved through the application of research methods also to engineering, manufacturing, marketing, financial activities and the Company's relations with its employees and the public. The "new directions" of General Electric research and development both in the physical sciences and in other business functions are suggested by the cover and are emphasized throughout the 1953 Annual Report.

GENERAL ELECTRIC

HIGH-VOLTAGE LABORATORY was completed in 1949 to aid transformer development. Additional facilities will be provided by new sound-test building nearing completion.



SWITCHGEAR DEVELOPMENT LABORATORY began operations in 1952. It provides latest and best equipment for developing and testing electrical switchgear.



AIRCRAFT GAS TURBINE DEVELOPMENT and solution of jet engine design problems will be speeded with completion of new Component Development Facilities.

Sixty-Second Annual Report

The seven new laboratories above offer physical evidence of the importance placed by General Electric on research and development in its postwar modernization and expansion program. The laboratories are located as follows: Research—Schenectady, N. Y.; X-Ray—Milwaukee, Wis.; Electronics—Syracuse, N.Y.; Measurements—West Lynn, Mass.; High-Voltage—Pittsfield, Mass.; Switchgear—Philadelphia, Pa.; Component Development Facilities—Evendale, Ohio.

In this Report, the terms "General Electric" and "Company" relate to the consolidated group of companies as listed in Note 1 on page 30. The terms "Share Owners," "Common Stock," "Directors" and "Officers" generally apply only to the Parent Company. Individual Companies, or other groups of companies, are specifically identified.

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SHARE OWNERS

TWIN SURVEYS DETERMINE SHARE OWNERS' OPINIONS

If the 1953 Annual Report does a better-than-usual job of conveying the information that share owners want, the share owners themselves can take credit.

Following the publication of the 1952 Report, General Electric sponsored two surveys among share owners as a means of determining their basic opinions about the Company and their attitudes toward it. Among the questions asked of representative share owners were a number concerning the 1952 Annual Report. The viewpoints received have guided us in planning the 1953 Report.

In response to many requests, for example, an effort has been made to express the story of 1953 operations in language that can be more readily understood. Greater use of headlines and short summaries aim at conveying the main points more quickly. Small type has largely been eliminated. More charts and graphs help speed comprehension. The Report attempts to provide more information of the type that most interests the share owners, and to minimize that which does not.

The surveys included a mail questionnaire sent to 10,000 share owners selected at random, and a more intensive survey based on telephone and personal interviews utilizing the newly developed Impact Method of gauging the effectiveness of published materials. Both surveys were conducted for the Company by an independent research agency.

Mrs. Helen M. Hannon, of Binghamton, N. Y., was among 592 share owners personally interviewed in opinion surveys during 1953.

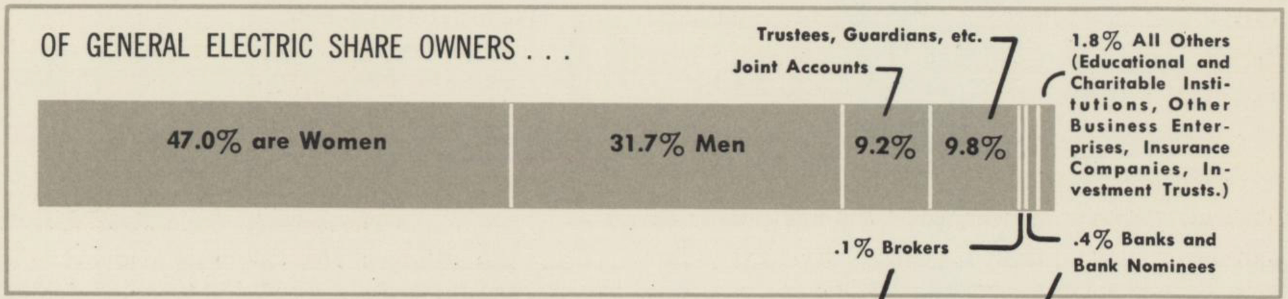
The surveys are an example of how the Company's relations with its owners, its customers and with the public generally are based whenever possible on the most advanced techniques of opinion research.

Cost of this Report to share owners: About $^1/_5$ cent per share

In answer to a question asked by many share owners: the cost of preparing and distributing the Company's 1953 Annual Report is estimated at about 21 cents per copy, which after taxes is a little more than 10 cents per copy. The cost of the Report is about one-fifth cent per share of stock.

Market price ranges of General Electric stock for the past five years are as follows:

	High	Low
1953	92¼	66¼
1952	72¾	54⅜
1951	63⅞	49½
1950	50½	41⅛
1949	42⅜	34



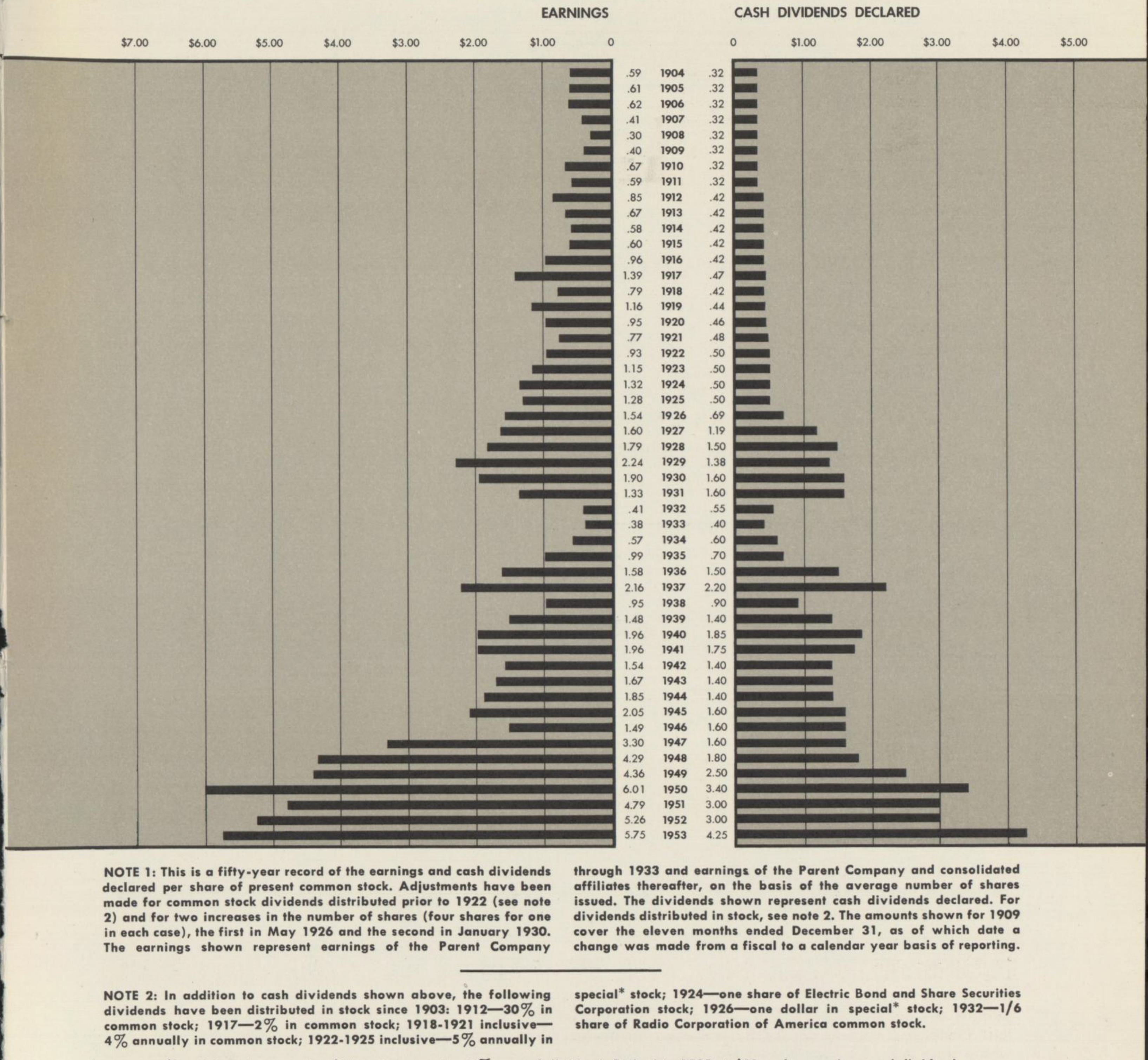
The average number of General Electric share owners of record during 1953 was 247,944. An estimated additional 74,000 beneficial owners have their shares registered in the names of nominees of banks and trust companies and in the names of stock brokers and security dealers. A sidelight of interest: it was announced in 1953 that General Electric is one of 29 American enterprises whose stock is held by the United Nations.

Estimated 74,000 Beneficial Owners Behind Nominee Names

EARNINGS AND DIVIDENDS

55TH CONSECUTIVE YEAR OF DIVIDENDS

Dividends of $4.00 a share were paid in 1953, the 55th consecutive year in which General Electric has paid dividends. Dividends declared for 1953, $4.25 a share, were 74% of earnings, compared with an average of 67% for the fifty years shown below, and 55% for the years 1947 through 1952.



NOTE 1: This is a fifty-year record of the earnings and cash dividends declared per share of present common stock. Adjustments have been made for common stock dividends distributed prior to 1922 (see note 2) and for two increases in the number of shares (four shares for one in each case), the first in May 1926 and the second in January 1930. The earnings shown represent earnings of the Parent Company through 1933 and earnings of the Parent Company and consolidated affiliates thereafter, on the basis of the average number of shares issued. The dividends shown represent cash dividends declared. For dividends distributed in stock, see note 2. The amounts shown for 1909 cover the eleven months ended December 31, as of which date a change was made from a fiscal to a calendar year basis of reporting.

NOTE 2: In addition to cash dividends shown above, the following dividends have been distributed in stock since 1903: 1912—30% in common stock; 1917—2% in common stock; 1918-1921 inclusive—4% annually in common stock; 1922-1925 inclusive—5% annually in special* stock; 1924—one share of Electric Bond and Share Securities Corporation stock; 1926—one dollar in special* stock; 1932—1/6 share of Radio Corporation of America common stock.

***Special stock, par value $10 a share, paying 6% annual dividend. Retired in 1935 at $11 a share and accrued dividend.**

HIGHLIGHTS OF 1953

(In millions)	1953	1952	Per cent change
Sales	$3128.1	$2623.8	19%
Federal taxes on income (includes renegotiation)	308.5	264.0	17%
Net earnings	165.7	151.7	9%
Dividends declared	121.6	85.9	42%
Expenditures for new plant and equipment	141.0	123.1	15%
Depreciation of plant and equipment	67.3	59.7	13%

PER SHARE

(In dollars)	1953	1952	Per cent change
Federal taxes on income (includes renegotiation)	$ 10.69	$ 9.15	17%
Net earnings	5.75	5.26	9%
Dividends declared	4.25	3.00	42%
Dividends paid	4.00	3.00	33%

Further details are shown on the statistical summary on pages 32 and 33. The Financial Review begins on page 23 and formal financial statements will be found on pages 28 to 31.

The President's Letter

"A highly successful year, in which sales, jobs, earnings, and dividends showed increases"

To the share owners:

The year 1953 was a highly successful one for General Electric—sales, jobs, earnings, and dividends showed increases. Sales were $3,128,127,000 for 1953—a new high, and up 19 per cent over 1952; sales increased in all major product areas. In comparison with 1947 (the first representative post-World War II year), 1953 volume was up 135 per cent. In other words, the Company's sales have increased to more than two and one-quarter times 1947 sales.

Net earnings were $166 million in 1953, or $5.75 a share. This was a 9 per cent increase over 1952, and about one and three-quarters times 1947 earnings.

Federal taxes on income held down earnings

The effects of Federal taxation in preventing the results of the Company's growth from being realized in net earnings are discussed in the Financial Review on page 23. Extension of the excess profits tax at the full rate for the second six months of 1953 increased General Electric's 1953 taxes by $36 million, or $1.26 a share. This would otherwise have been available as earnings for the share owners.

Federal taxes on income, and renegotiation, in 1953 were almost *five times* the same provision in 1947.

Employee earnings set new records

The total of employee earnings and benefits applicable to sales for 1953, at $1,146,756,000, was a new record for the Company. The total earnings of employees increased 19 per cent over 1952 and 96 per cent over 1947.

Cash dividends increased

In line with General Electric policy of declaring maximum dividends commensurate with the necessary level of retained earnings required for Company growth, the Board of Directors in the last quarter of 1953 declared a special dividend of $1.00 a share paid in December. Together with regular dividends of 75 cents a share paid in each quarter, this brought dividends paid in 1953 to $4.00 a share—a new high for cash dividends.

Dividends declared totaled $4.25 a share in 1953—regular dividends of 75 cents in the first three quarters and $1.00 (paid in 1954) in the last quarter, plus the special $1.00 dividend in the last quarter. Dividends declared were 74 per cent of 1953 earnings, compared with average dividends of 55 per cent of earnings for the years 1947 through 1952.

Outlook for 1954

During the last quarter of 1953, sales of defense materials declined somewhat from earlier levels. As we now interpret plans of the present Administration, we expect this decline to continue in 1954. Ultimately, over the next several years, we expect defense sales to stabilize at about 20 per cent of total business, compared with over 30 per cent in 1953 for all the Company's Groups.

In 1954, total sales should be down slightly from 1953, with much of the expected reduction in defense business offset by increased commercial sales.

It should be pointed out that defense business—which the Company always stands ready to undertake for our Government—is less attractive from an earnings standpoint than our regular commercial business. A shift from defense to commercial sales, therefore, will tend to result in greater earnings from each sales dollar.

This trend, and changes in the Federal tax structure, should create for 1954 a more favorable earnings climate than for the last several years.

Emphasis is on research and development for the future

The substantial growth of General Electric since World War II has been shown by the comparisons in the opening paragraphs. None of this growth has been accomplished through buying new businesses or other companies. Instead, General Electric has grown from within.

Your management believes that there has been no more important activity than research and development in contributing to past growth and insuring the Company's future progress. General Electric has long been the leading investor in scientific research in the electrical manufacturing industry.

The Company's investment in research and development is generating new and better products—even new businesses. As a part of the postwar expansion program, facilities have been established for whole new businesses which did not exist prior to World War II. Examples include aircraft gas turbines and jet engines, silicones, new automatic year-around air conditioning, commercial gas turbines, and the phenomenal new growth in electronics.

Because of its importance to future progress, the subject of research and development is the theme of the 1953 Annual Report.

Plant expansion, modernization to continue

To obtain future advantage from present achievements in research and development, the Company must have in place the necessary manufacturing facilities. In the last eight years, almost 800 million dollars has been invested to modernize equipment and construct new laboratory and manufacturing facilities. Planned investment in 1954 and 1955 will raise this to a total of 1 billion 100 million dollars for the first ten postwar years.

Based on forecasts of growth in generation—and use—of electric power, the electrical industry may be expected to double its output by 1963. To maintain and improve its position in the industry, General Electric will require still more new plants and modern equipment in the future.

As a part of the over-all modernization plan, we have embarked on a long-range program to increase the productivity of the Company's manufacturing plants. Toward this end in 1953, a manufacturing laboratory was established in existing facilities in Schenectady. Studies designed to bring a greater degree of automatic operation into existing production facilities have been stepped up. Training programs for manufacturing personnel have been greatly enlarged.

Efforts of our engineering and accounting organizations toward providing better, more easily manufactured designs and better controls over manufacturing costs are also aimed toward increasing the productivity of our plants.

Need for more highly educated employees will be pressing

In building for the future, the problem of securing employees with both good technical and general educations continues to be pressing. Illustrating the long-term increase in the technical employees required by industry: in 1900, American industry as a whole employed one engineer for every 250 employees; in 1952 this had increased to one engineer for every 60 employees, and the present General Electric ratio is one engineer or technical person for every 15 employees. The number of chemists employed by American industry has doubled in 15 years, while the number of physicists has doubled in eight years. Within the Company, plans call for a 50 per cent increase in personnel of the Research Laboratory at Schenectady within the next five years.

The Company is continuing its already famous educational programs for on-the-job training of employees in technical and business areas. We are working closely with schools and colleges in recruiting new employees and in encouraging higher educational levels.

The Company will also maintain present employee relations policies—good working conditions, pay that is right for the job, and liberal employee benefits. We believe that this is the best way to continue securing the most able and enthusiastic employees for General Electric.

In the succeeding pages, some of General Electric's outstanding accomplishments in research and development during 1953 are outlined for you. The descriptions of scientific advances are supplemented by descriptions of new advances in such fields as marketing, accounting and human relations. These are included under a broad definition of research and development, to chronicle for you the march of new ideas in the fields which must implement scientific discoveries.

You will find detailed comments on 1953 operations in the Financial Review beginning on page 23, and formal statements of the Company's operating results and financial condition on pages 28 to 31.

As reported in my letter to share owners of October 26, 1953, the United States District Court for the District of New Jersey, entered on October 8, 1953, its judgment in the incandescent lamp anti-trust case. This judgment will stand as the final judgment in the case, no party to the litigation having filed an appeal to the Supreme Court. Thus the litigation commenced in 1941 has finally come to an end.

Many complex considerations were involved in arriving at the decision not to take an appeal, and it was reached only after a thorough review of all the circumstances. The principal practices complained of in this case had long since been terminated and it was believed that the interests of the Company would be best served by not continuing the litigation.

Respectfully submitted for the Board of Directors,

Ralph J. Cordiner
PRESIDENT

Schenectady, N. Y., *March 8, 1954*

RESEARCH AND DEVELOPMENT

Five new laboratories to expand research and development

To expedite developmental projects and conserve the time of the specialists engaged in them—and thus to minimize the costs—General Electric continued in 1953 to invest in the expansion of its laboratory facilities. Five new laboratories were approved or under construction at the year's end.

As an addition to the Research Laboratory near Schenectady, N. Y., a new laboratory for the development of metallurgical and ceramic materials was begun. Progress in a number of fields in which the Company has a primary interest must be preceded by new knowledge about metals. Thus the development of still more efficient and more powerful steam turbines for electric power generation and of gas turbines for jet aircraft and other uses will be aided by the development of metals and alloys that can withstand higher temperatures and stresses than any known today.

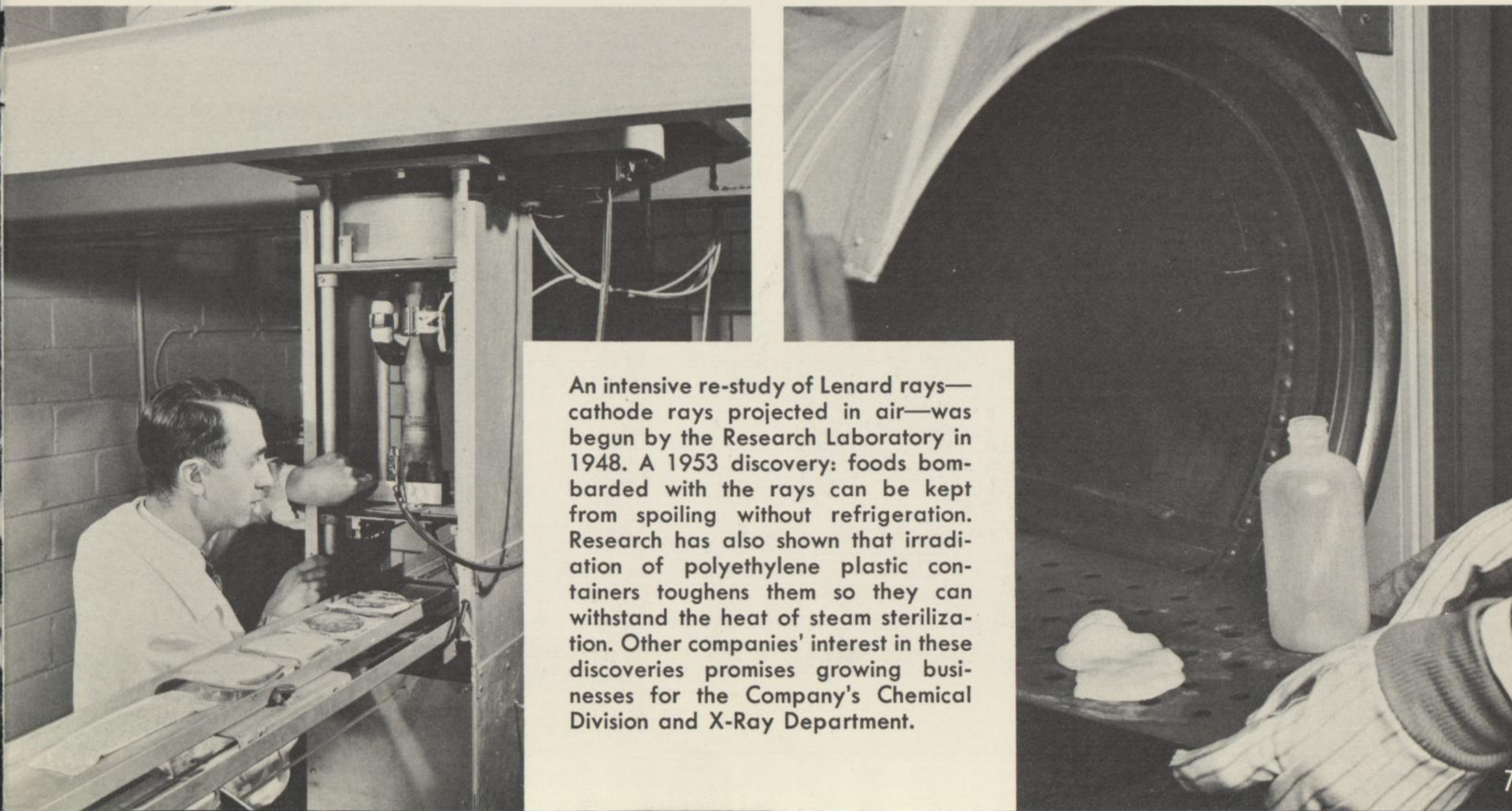
A new combustion laboratory will also be added to the Research Laboratory. The work will be chiefly exploratory in nature, involving studies of the mechanism of flame stabilization, carbon formation and radiation properties of flames, but results are expected to be beneficial to such undertakings as the gas turbine development program.

To expedite further development of steam turbines, construction of a new Turbine Development Laboratory was begun in 1953. It is located within the Schenectady plant.

At Pittsfield, Mass., the Company began construction of a new sound-testing laboratory for study of the sonic characteristics of large power transformers. Quieter units make better neighbors in residential areas.

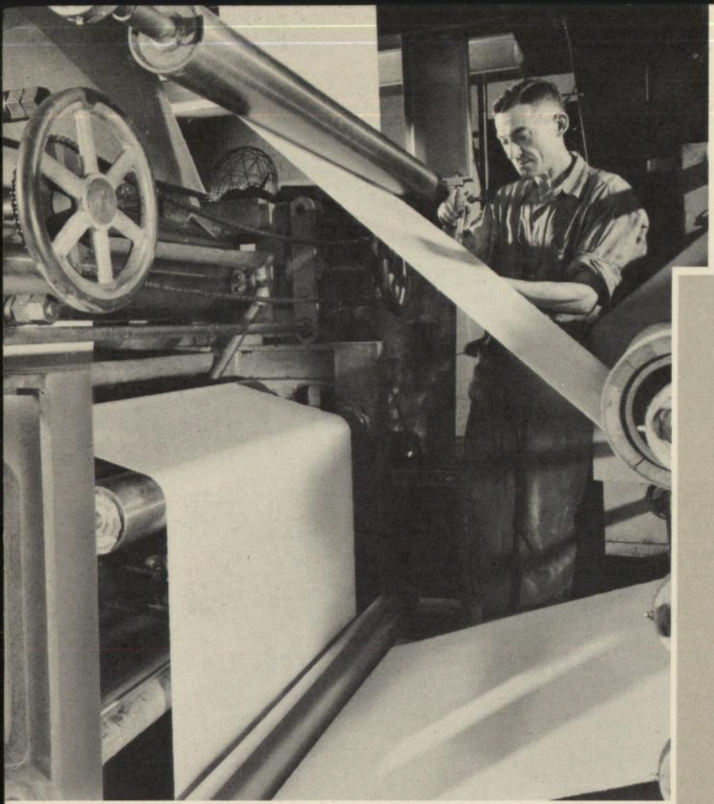
At Evendale, Ohio, a new laboratory center for aircraft gas turbine development was nearing completion at year's end. Called the Component Development Facilities, it will include the following laboratories: compressor, turbine, aerodynamics, combustion, thrust augmentation, jet nozzles, electronics and controls, and accessories.

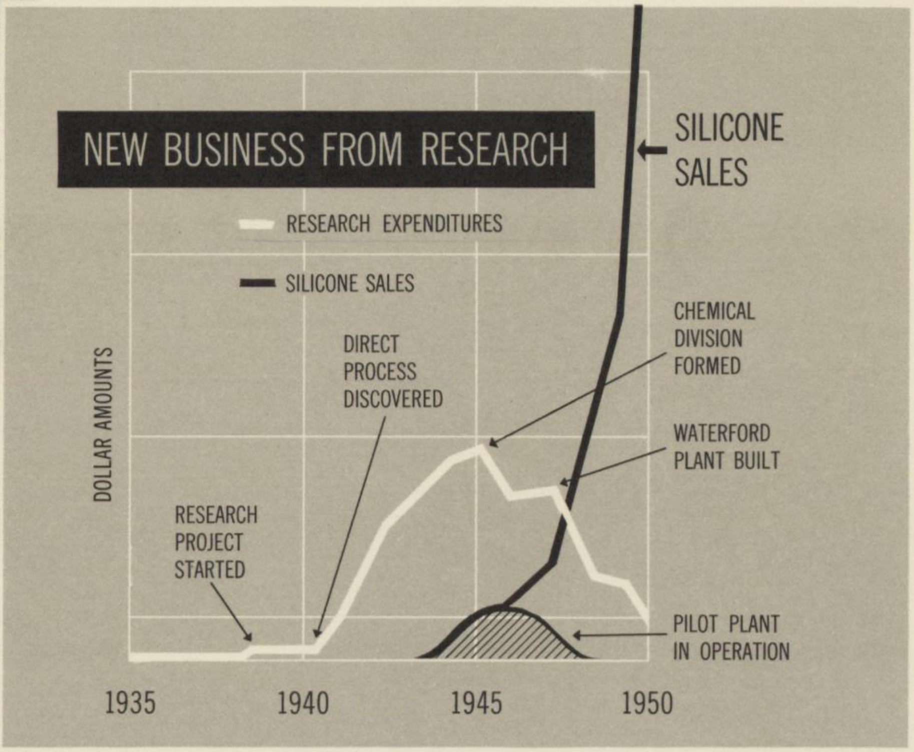
As an addition to the General Engineering Laboratory, a special laboratory for diversified experiments in the industrial use of radioactivity was established in existing facilities during 1953. The new Manufacturing Laboratory described on page 16 was also established in existing facilities.



An intensive re-study of Lenard rays—cathode rays projected in air—was begun by the Research Laboratory in 1948. A 1953 discovery: foods bombarded with the rays can be kept from spoiling without refrigeration. Research has also shown that irradiation of polyethylene plastic containers toughens them so they can withstand the heat of steam sterilization. Other companies' interest in these discoveries promises growing businesses for the Company's Chemical Division and X-Ray Department.

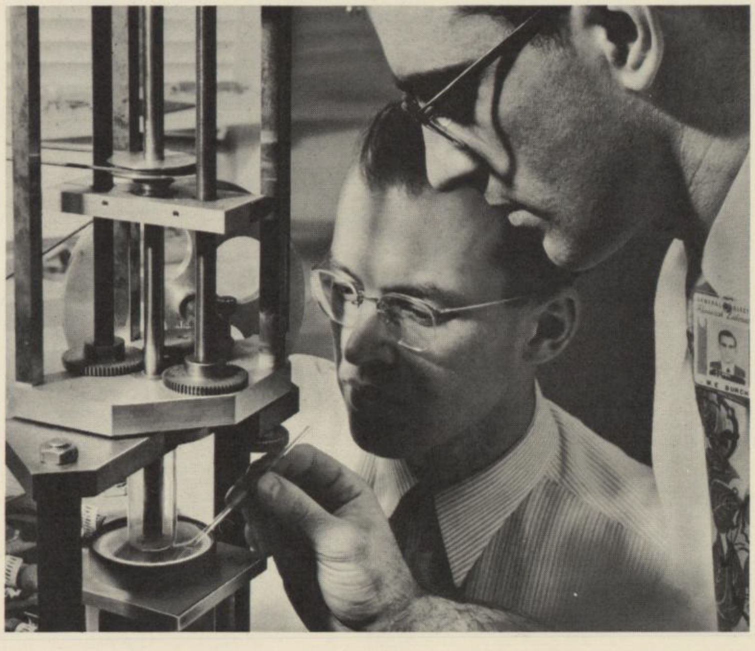
MAJOR PROJECTS IN SCIENTIFIC





Increasing the silicone business
The Company's Chemical Division has developed a rapidly growing business springing from Research Laboratory discoveries in the chemical family of silicones. While the Division works on commercial applications such as silicone coating for glass cloth (above), the Research Laboratory continues its fundamental studies.

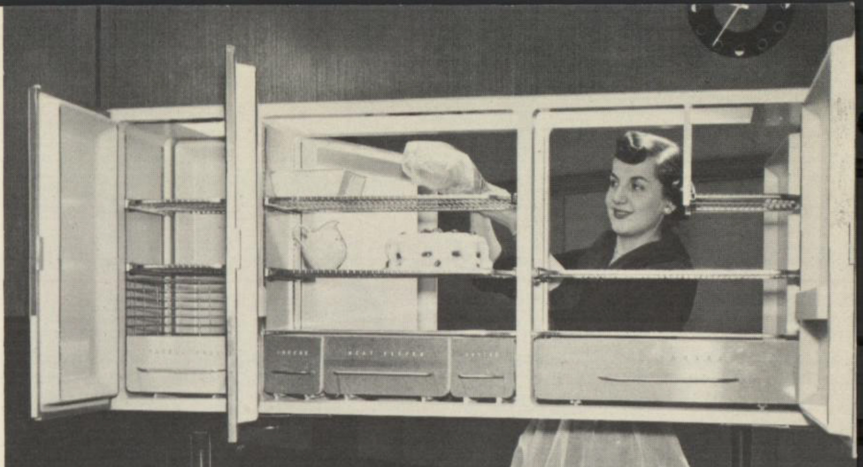
New techniques for producing semiconductors
Tomorrow's electronics equipment will be more compact and more durable through the use of semiconductors in the form of pea-sized bits of metal capable of replacing vacuum tubes in many applications. Widespread use of these materials, however, waits upon new methods for mass-producing them. New techniques for speeding their production were developed by Laboratory scientists in 1953.



Making electronics equipment more effective
The tiny vacuum tube shown at the right in the photograph below greatly reduces "snow" on radar screens and also increases the reliability of the receiver. Worth several times its weight in gold, the tube is one inch long and weighs ⅙ ounce. It was made possible by an earlier Laboratory development of a method for sealing ceramics to metals.

RESEARCH UNDER WAY IN 1953

Insulation 10 times as effective
The new thin-wall panel insulation below is 10 times as effective in blocking heat as conventional types. It was announced in 1953. The insulation has been used developmentally in a refrigerator (right) that is half the size of present models yet has the same internal capacity. The developmental new design has latchless magnetic doors.



New high-temperature alloy developed
Tomorrow's metal for improved jet engines was produced on a pilot-plant scale in 1953. The new high-temperature alloy has the same strength as the alloy most widely used in jets but can operate at temperatures 70 degrees higher, which will mean improved performance in the engines.

Perfect metal crystals 50 times stronger
In 1953 the Company's metallurgical specialists made progress toward determining the real secrets of the strength of metals and alloys. Tiny crystals of metals free from imperfection were produced and were found to be 50 times stronger than metals in use. The ultimate aim is to produce this strength in large sections of metal. Inset shows thread-like crystal beside head of pin.

DEVELOPING ATOMIC POWER

Electricity from the atom within five years?

"We are now prepared to recommend to the Atomic Energy Commission that General Electric proceed at once with development and design followed by construction and operation within five years, of a dual-purpose reactor at Hanford. This plant will produce both large quantities of plutonium and of electric power."

This announcement by President Cordiner, on October 15, 1953, made at the huge Hanford atomic plant which the Company has operated for the AEC since 1946, came as the culmination of studies by Hanford scientists and engineers into the economic feasibility of a dual-purpose reactor at that site.

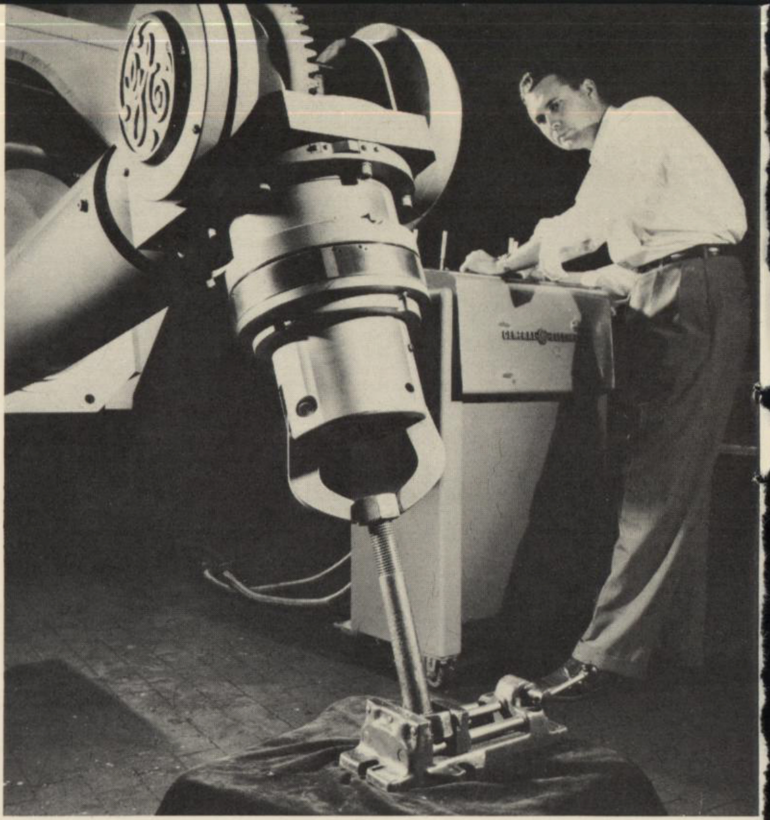
The Company's plan would benefit the Northwest by making Hanford a source of, rather than a drain on, the power supply and would benefit the nation by further reducing the cost of plutonium for defense purposes. A third benefit: "We will be doing our part to speed up the already rapid approach of the day when atomic fuel will power economic single-purpose electric plants. We will learn much about the problems of high-temperature operation in a large-scale plant. Furthermore, we will learn to operate on an economical basis a truly large atomic-fueled power station supplying a large block of dependable power. We will obtain answers in these endeavors which we are sure will be of greatest value to the electric utility industry."

At the end of 1953 the Company's plan was receiving careful study by the AEC.

The atomic submarine—and beyond

During 1953, four varied crews of specialists were at work to make the *Sea Wolf*, an atomic-powered submarine, a reality. Steelworkers were finishing up the giant test sphere pictured on page 37. In the sphere's shadow, crews were working to complete the test hull of the sub. A few miles away at the Knolls Atomic Power Laboratory, General Electric scientists were developing a prototype of the power plant and at the Company's turbine plant work was completed on the sub's propulsion turbine and reduction gears.

Knowledge gained in the development of the reactor is providing the foundation for future atomic power plants to be designed and constructed after the present land-based prototype plant at West Milton and the power plant for the *Sea Wolf* are completed.



For handling materials "hot" with radioactivity, the General Engineering Laboratory built this, the world's largest mechanical hand. It will aid the Company's development of an aircraft atomic power plant.

Aircraft nuclear propulsion

At Evendale, Ohio, work continued on the long-range project of developing a power plant for a tactically useful airplane whose principal source of energy would be from atomic fuel. The work during 1953 consisted almost entirely of the research and advanced development which must precede the creation of a reactor of minimum size and weight yet capable of tremendous heat output. A separate study involved the development of a shielding structure adequate to protect the crew yet light enough to be airborne.

Heating buildings with the atom

Waste heat from atomic reactors will shortly be used for the first time in the U.S. to heat buildings. Engineers at Hanford have devised means of extracting heat from the reactor-cooling water and using it to warm the air drawn into buildings now under construction at the plant. Enough heat to take care of the needs of a thousand average-sized homes will be secured.

This heat recovery system will make economic use of the vast amounts of heat that are a necessary by-product of the nuclear work at Hanford. Before this, the heat was poured into the Columbia River. The estimated fuel savings will be $59,000 a year.

Overcoming the obstacles

Before the use of atomic reactors in generating electric power can be made economically feasible, a host of thorny technical problems stand in the way. What insulating materials, for example, can withstand nuclear radiations? How can partly burned radioactive fuel from reactors be reprocessed and used again? How can the radioactive wastes of the nuclear power plant be disposed of and at low cost?

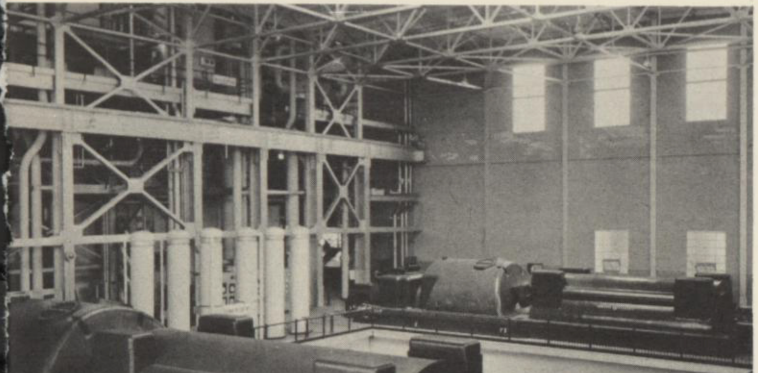
During 1953, developmental work at Hanford and at the Knolls Atomic Power Laboratory in connection with the atomic submarine reactor has overcome many of these obstacles.

The problem of insulating materials can be grasped by this fact: electromagnetic pumps handling radioactive liquids in an atomic power plant need electrical insulating materials that can withstand radiations almost as intense as if the pumps were filled with liquid radium. Extensive tests conducted in 1953 have shown that there is a possibility that certain types of electrical insulation stand up satisfactorily to such extreme radiation.

As for "re-tread" atomic fuels, simplified, lower-cost chemical reprocessing has been made possible by studies conducted at the Laboratory. Unburned fuel from a production reactor can be economically recovered and reprocessed for a second pass through the reactors.

The margins of safety from radiation exposure for atomic workers and their neighbors can today be set much more exactly as a result of investigations at Hanford. Precise knowledge about the amounts of radioactive materials that can be permitted on grazing lands near production sites, or that can be safely discharged as waste to the ground, the atmosphere, or to streams, permits the placing of fully adequate limits for protection. At the same time costs of needless precautions are avoided. The limits of discharge are subject to review and acceptance by the AEC and other public agencies. Savings realized will amount to several millions of dollars in capital investment, and an estimated million dollars in immediately foreseeable operating expenses.

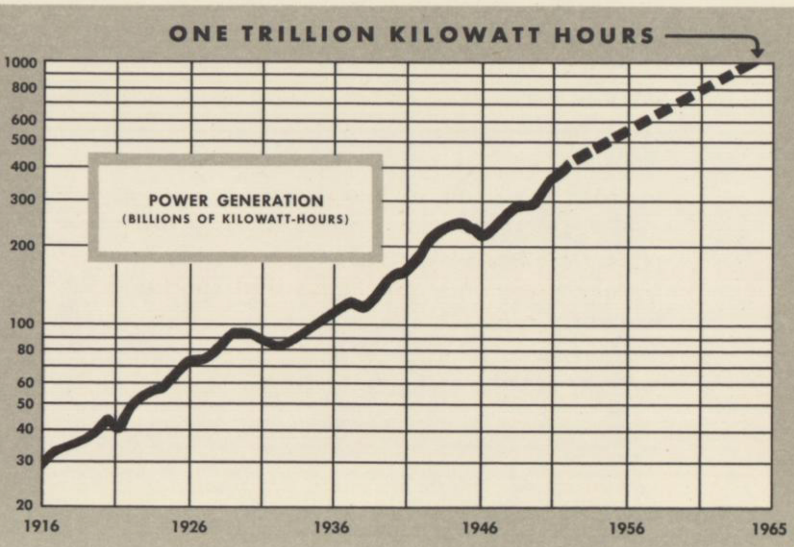
ENGINEERING RESEARCH AND DEVELOPMENT IN 1953



America's electric power industry is growing at a rate of more than seven per cent compounded yearly. The General Electric turbines above are installed in one of the nation's eight most efficient generating stations.

Nation's eight most efficient generating stations equipped by General Electric

An unusual testimonial to the technical leadership of General Electric in the electrical industry was provided in 1953 by the publication of a supplementary report by the Federal Power Commission. The FPC study lists the fuel consumption of 331 steam electric stations that generated 93% of the total utility output from steam power for 1952. Eight of these stations



were able to get a kilowatt-hour out of less than 10,000 BTU (12.8 ounces of average coal). Of the 17 turbine-generators contributing to the efficiency of these eight top stations, 16 were supplied by General Electric.

The importance of this achievement, in practical terms, is that gains of a fraction of a per cent in coal-to-kilowatt-hour result in great savings for the utilities. The Company's engineering leadership is recognized by the demand for General Electric turbine-generators having again reached a new high mark in 1953. The total maximum rating of 68 large units produced was 6,300,000 kw compared to 64 units totaling 5,700,000 in 1952. Shipments of medium-sized turbine-generators totaled 776,000 kw.

Developing more efficient turbine-generators

Working with progressive electric utility companies, General Electric continued in 1953 to pioneer in the search for electrical generating equipment that will operate more efficiently and thus at lower cost. A significant new step was taken when work was begun on a turbine-generator capable of operating at pressures double the highest pressure currently used for power generation, and at temperatures 50 degrees above the present highest, including double reheat units. Both higher pressures and higher temperatures make possible greater operating efficiencies.

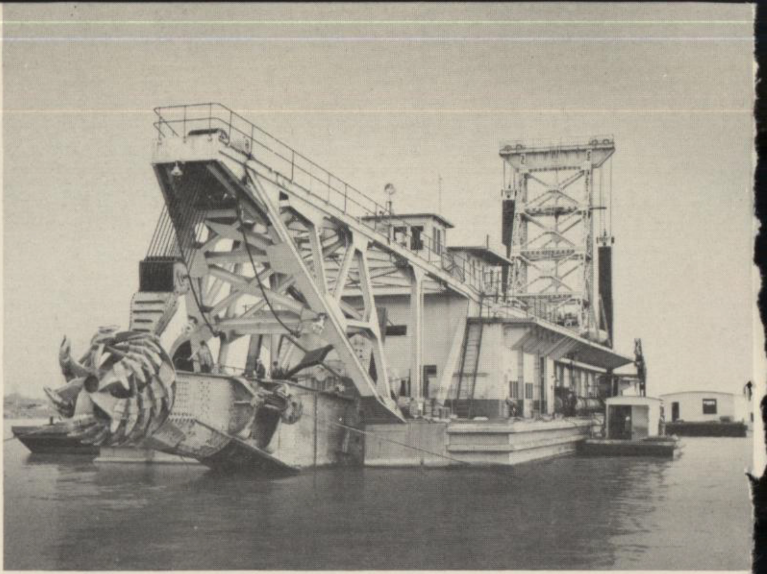
Technical graduates number 15,089

To secure the aid of specialists both in their more complex technical problems and their engineering personnel problems, managers of the Company's operating components are able to call on the services of the Engineering Services Division. Through its responsibility for the General Engineering Laboratory, the Division offers diversified equipment and experienced specialists in the engineering field.

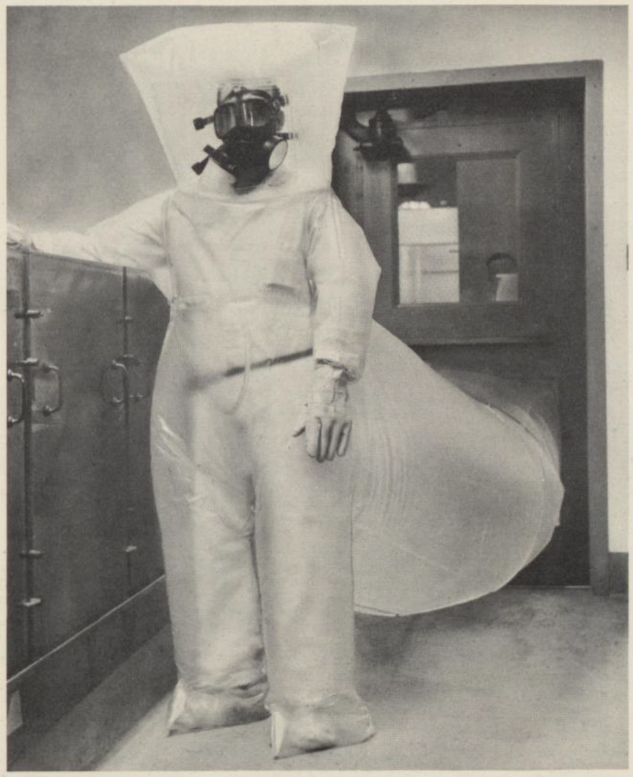
Likewise, through its responsibility for the recruiting, hiring, training and placement of technical personnel, the Division aids the operating components in their personnel problems.

At year's end the number of General Electric employees who held engineering or other technical degrees was 15,089, including those employed in atomic work at Hanford. The figure included 11,575 with engineering degrees and 3514 with other technical degrees. The Company recruited and hired an estimated 1700 technical and scientific graduates in 1953. General Electric remained the largest employer of technical graduates outside the government.

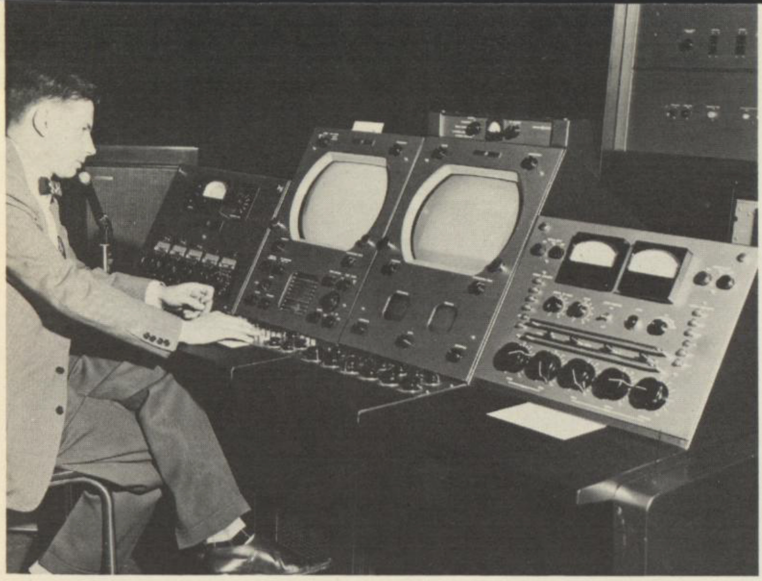
On the training side, 2540 graduate engineers participated in 130 classes at various locations in General Electric during the 1952-53 school year—a 19 per cent increase over the 1951-52 participation.



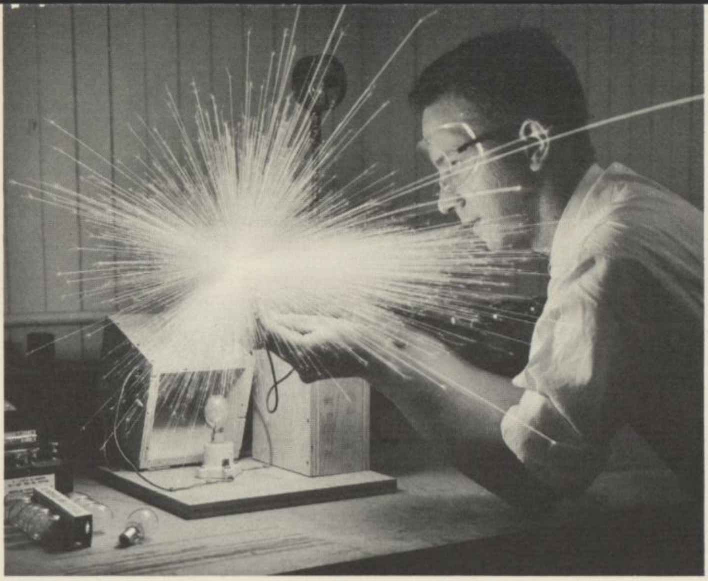
Big assignments for the Company's engineers in 1953 included development by Canadian General Electric of electric equipment for the world's largest hydraulic dredge . . . General Electric built the largest electric mine locomotive . . . the largest mine hoists, for Arizona copper mines . . . huge 45,000-hp motors to power the Ames Laboratory wind tunnel at Moffett Field . . . the first of twelve 1250-ton generators for the McNary Dam in Washington.



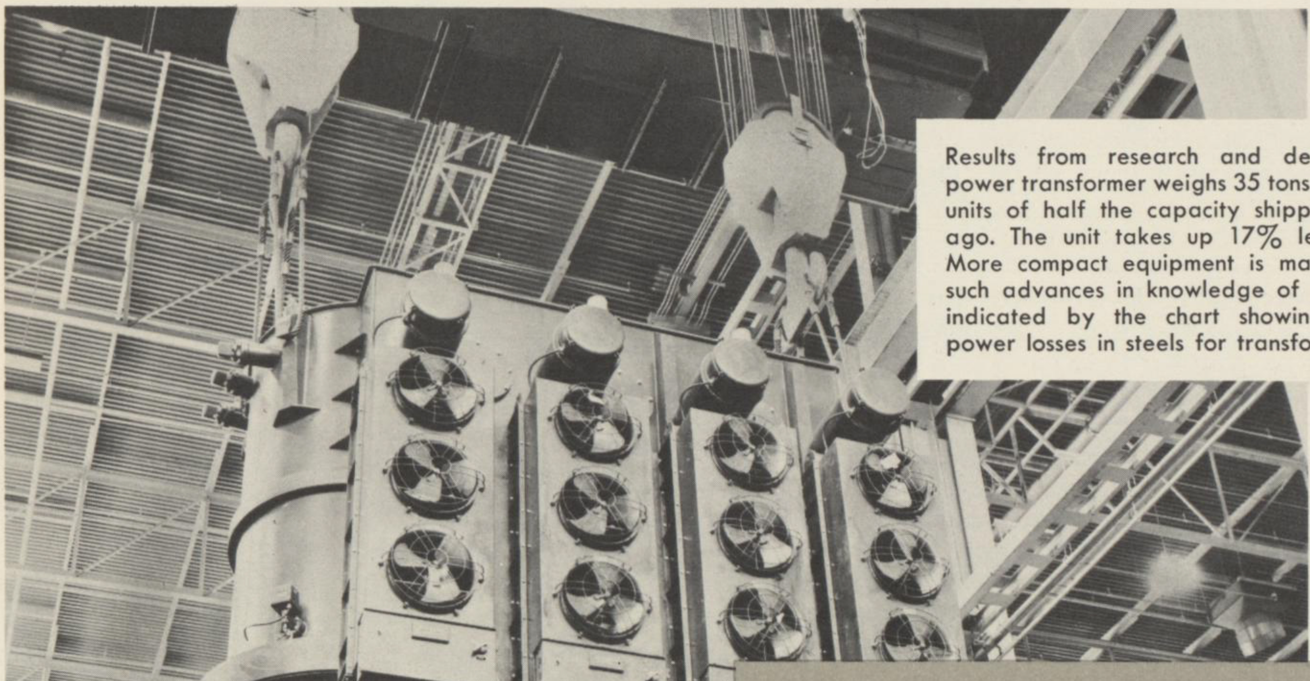
Atomic specialist at Hanford plutonium plant wears protective suit of inflated plastic . . . Contributing further to U.S. defense, the Company's Evendale, Ohio jet plant produced its 10,000th jet engine in 1953 . . . Aeronautic and Ordnance Systems Division announced significant advances in many of its lines of products for the Army, Navy and Air Force, which included new flight control and gun fire control systems for supersonic aircraft and a new rocket propulsion motor . . . the most powerful ship propulsion units ever built were scheduled for the U.S.S. *Saratoga*, now under construction.



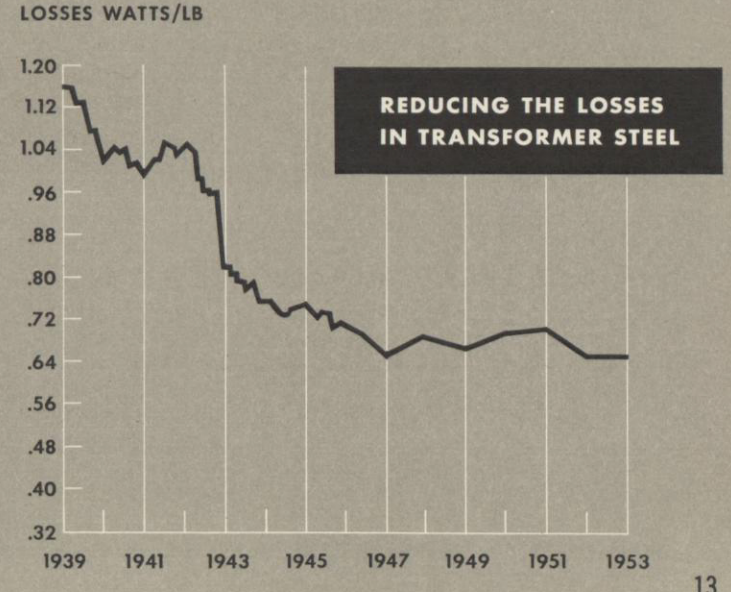
Smaller cities will benefit from this television development: a "one-man" station permitting a single technician to handle broadcasts . . . General Electric was the only manufacturer to supply high-power UHF transmitting equipment during 1953, delivering about 40 of these transmitters . . . another aid to communities: a low-cost photoelectric control which automatically turns street lights on and off as light conditions change.



Brilliant light patterns result from experiments leading to increased light output of photoflash lamps . . . other developments for consumers: in 1953 the Company's engineers developed a new line of waterless air-cooled home-cooling units . . . also a larger Weathertron—new name for the heat pump—for larger homes . . . and a reverse cycle room air conditioner that heats as well as cools.



Results from research and development: this power transformer weighs 35 tons less than similar units of half the capacity shipped three years ago. The unit takes up 17% less floor space. More compact equipment is made possible by such advances in knowledge of metals as those indicated by the chart showing reduction of power losses in steels for transformers.



REDUCING THE LOSSES IN TRANSFORMER STEEL

MARKET RESEARCH

55 research organizations point the way for other marketing functions

In 1951, representatives of General Electric began calling on doctors and radiologists, at clinics and hospitals, asking detailed questions about x-ray equipment. Which of the new x-ray advances developed during the war were considered most important? How could young doctors just getting started, and older doctors with a limited number of years left to practice, afford x-ray equipment? What was the potential for further x-ray sales?

These representatives were members of the Company's marketing research personnel. From their investigations a complete new method of merchandising was developed, by means of which x-ray equipment could for the first time be rented. The product rental program, known as Maxiservice, enables doctors, hospitals, even industries, to obtain the equipment, its entire maintenance and the replacement of old models as new ones are developed, by paying a monthly rental check rather than a large capital outlay.

The results to the medical profession have been that even the newcomer can now have x-ray equipment. To the Company the result has been an increase in X-Ray Department Maxiservice orders during 1953 of 54 per cent over those for 1952. A further 54 per cent increase is planned for 1954.

This example of the new approach to the marketing of products through market research and study is constantly being multiplied at General Electric. For another example: the structure of an entire new Division of the Company—the Industrial Power Components Division—has been based on the exhaustive studies begun in 1951 by the first of several task forces. Market research was a major factor in these studies which determined that four businesses—small integral motor, general purpose control, the Trumbull components, and the distribution assemblies business—should benefit materially from the attention of management teams devoted solely to their particular problems. Each of the four businesses comprises a Department in the new Division.

By the end of 1953 there were 55 marketing research organizations within the Company, working to apply the scientific method and approach to the distribution and sales of General Electric products. Thus throughout the Company market research was pointing the way for the marketing functions of marketing research, product planning, advertising and sales promotion, sales, product service, marketing administrative services and marketing personnel development.

Six areas for market research

The areas in which market research effort was concentrated in 1953 included the collection and assessment of information on:

The size and location of the market. How swiftly can the market for a new product be expected to develop? Is construction of additional production facilities justified by the potential market?

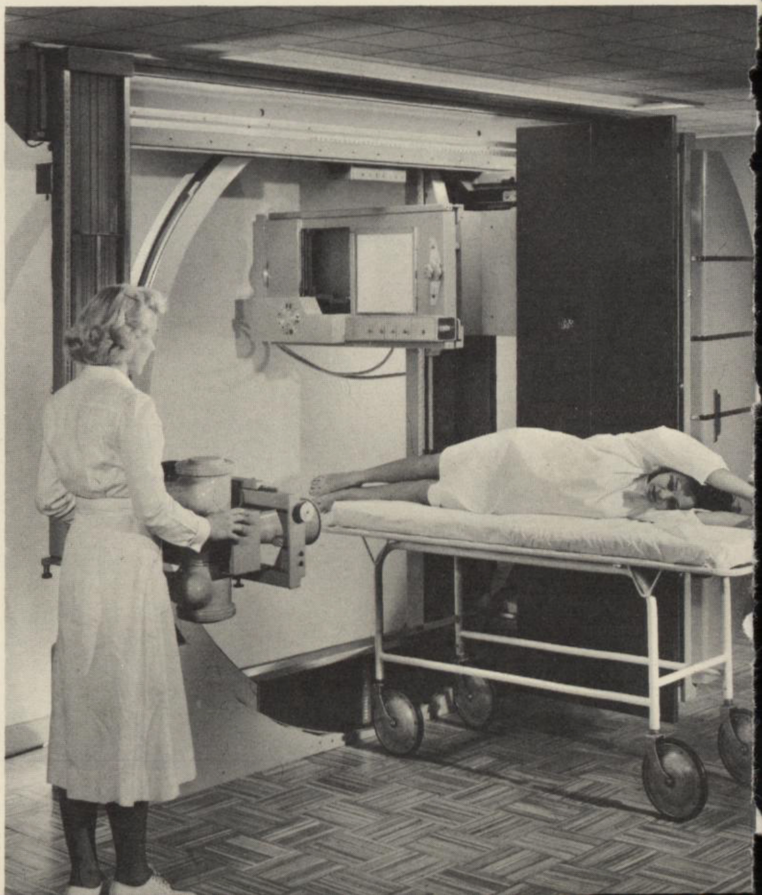
The attitudes, preferences and needs of customers. Skillful probing for customer reactions can provide guidance for all other marketing functions.

Sales and distribution methods, channels and territories; shifts in market or competitive conditions.

The right price for the product; price indexes and trends.

The most effective sales and advertising programs; which product features to stress; which media to use.

Forecasts of industry sales: the market behavior which management can expect.



New General Electric x-ray machine, the Imperial, is one of the devices which can now be rented under Maxiservice, a new departure in x-ray merchandising which resulted from Market Research studies.

MANAGEMENT RESEARCH

Making available broader knowledge about the job of managing

The managing of business enterprises, and their functional components, is on its way to becoming as distinct and as clearly defined a profession as engineering and medicine are at present. Managers will have a large common body of classified knowledge, a common set of guiding principles, well developed professional techniques, and a defined code of managerial ethics. For General Electric this day is being accelerated by two related developments.

The first of these is the Company's decentralization program, which for the past several years has been separating management jobs into smaller, more definable, more *manageable* parts and has been pushing decision-making out to the action point. Having established 87 operating departments with profit responsibility and 66 services departments, General Electric moved toward further decentralization in 1953 by working to simplify and clarify the jobs of managers *within* each component. More men are today receiving diversified management experience at an earlier age than would be possible in a centralized organization. Therefore, the need for defining professional management standards is more urgent.

The second development contributing to the evolution of a more professional status for management is the assignment by the Company of a qualified group to the specific task of making available a broader knowledge about the management function. The Company's Management Consultation Services Division, whose personnel helped plan and direct the Company's decentralization, passed several milestones in 1953. One of these was the completion of an intensive study of manager development—a 19-volume, 1100-page report believed to be the best synthesis of information yet prepared on this subject. Work has been started to convert the lengthy study into concise plans and original texts for the Company's manager development programs.

The year also saw the publication of a Company appraisal of the new field of development known as Operations Research and Cybernetics. The aim is to provide data useful to managers—including data now obtainable with new-type computers, data-processing equipment and modern statistical methods—in order that they may find patterns which make operations more easily understood and managed. This does not mean that the Company sees a time when its problems will be solved by a mechanical brain. This is neither possible nor desirable. But a little more hard mental effort directed toward analyzing past experiences, discerning orderly trends and relationships, and applying patterns to recurring problems can help the manager take full advantage of technical progress.

Getting the facts about manager development: an operating manager (right) discusses with a management consultant the 19-volume study completed in 1953.

A measurements study project was also conducted, with the aim of determining ways of measuring all kinds of managerial performance more effectively. Findings of this measurements project are currently being applied experimentally to a Lamp Division component.

The Management Consultation Services Division offers four consulting services to the operating components: management research, operations research, organization, and manager development. The management research service deals with fundamental, long-range problems. For example: what kind of organization structure will be called for in the atomic-powered, high-automation industrial world of the future?

MANUFACTURING RESEARCH

Developments that promise increased productivity and a growth business

General Electric has a two-fold aim in intensifying its search for improved methods of manufacturing. First: the Company's own productivity during the next few years must be increased at a rate faster than its historical rate of progress if it is to realize the volume of output which the American public seems likely to demand of it. And second: the Company aims at developing a growing business in supplying manufacturing systems and equipment as other companies step up the mechanization and automation of their manufacturing.

It is estimated that as industry adopts more and more automatic machinery, 25 per cent of it will be supplied by the electrical equipment manufacturers.

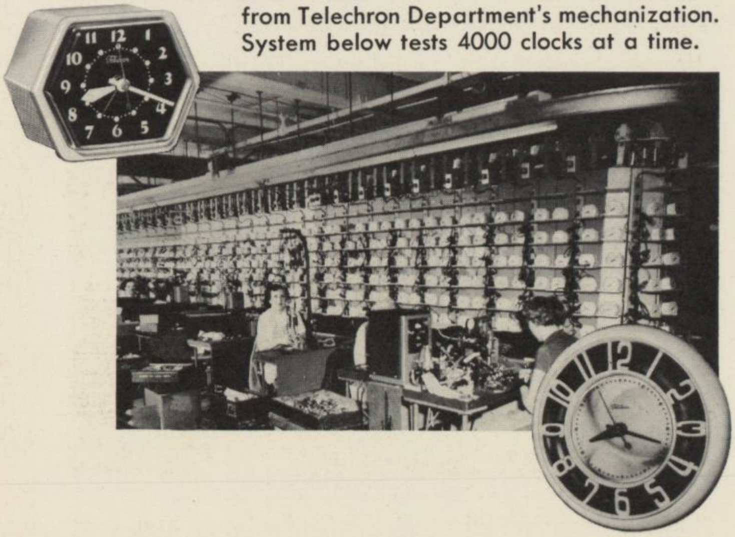
Glimpses of this future business can be seen already in products developed by General Electric: record-playback devices that record on tape all the motions essential to the operation of a machine tool and then, when the tape is played back, automatically guide the machine's operation; instrumentation systems for the chemical and petroleum industries which automatically measure and control the temperature, pressure, volume-flow and other properties of chemicals during processing, thus making quality control an automatic process; electric sensing devices which "feel" the product and control the positioning of it for processing by an arc welding or other type of machine.

Increasing General Electric's productivity

But for the immediate future General Electric will concentrate its manufacturing efforts on modernizing and mechanizing its own plants and equipment. The challenge can be simply stated: in the years between now and 1963 the expected growth in the Company's business will require doubling the volume of goods produced. The rate of advance in productivity achieved in years past will yield but a 34 per cent total increase. The task, therefore, is for General Electric to greatly accelerate its historical rate of progress in productivity. Manufacturing research and development of improved methods and equipment, with a special emphasis on product standardization and mechanization of manufacturing processes, will be relied upon to make the major part of this additional increase—and at the same time produce higher quality products for less cost.

The decentralized operating divisions continued in 1953 to contribute toward this goal. Thus at Electronics Park in Syracuse, N. Y. an automatic, conveyorized method of dip-soldering television receiver chassis permits the fully automatic and simultaneous soldering of approximately 400 electrical connections which heretofore were soldered manually with pliers and hand soldering irons. In the new Trumbull Department plant a highly mechanized line produces switch boxes in seven minutes which formerly required 22 days using hand methods in the old plant. Similarly, conveyorizing and mechanization of production of instrument transformers at West Lynn, Mass., cut the processing time in half. Modernization of the Winter Street Plant in Fort Wayne, Ind., for production of the new Tri-Clad 55 Motor, makes it one of the most efficient of the Company's plants. Other outstanding examples of advanced manufacturing techniques employed by General Electric are shown in the color photographs on the opposite page.

Electric clocks for as low as $3.98 result from Telechron Department's mechanization. System below tests 4000 clocks at a time.



New Manufacturing Laboratory established

A focal point for the Company's manufacturing development activities is provided by the Manufacturing Services Division. The Division acts as a clearing house by which successful manufacturing innovations of one operating component are made known to other components. It serves also to stimulate and suggest improvements by the operating divisions in such areas as plant layout, quality control, the choosing of proper machine tools, incentive standards and work methods, and cost reductions achieved through more systematic procedures in purchasing parts. In addition, the Division supplies trained manpower to manufacturing operations.

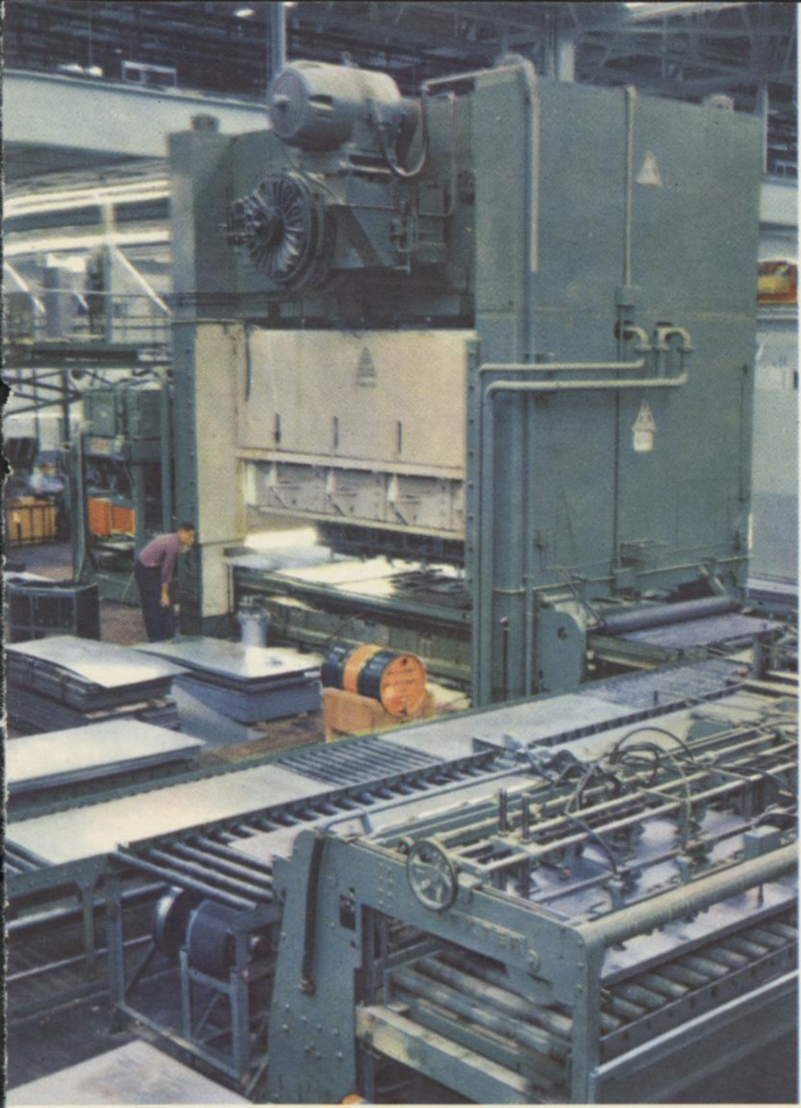
With the establishment of the Manufacturing Laboratory in 1953, the Division is further enabled to initiate new techniques and automation equipment for future improvements in manufacturing.

Within the first year of its operation, the Laboratory has its schedule filled with projects for the operating divisions. Ultimately it is planned that the Laboratory will provide manufacturing services ranking with the services available from the Research and General Engineering Laboratories.

Training for manufacturing leadership

So that there will be no bottleneck imposed by lack of trained manpower as the Company itself and industry generally adopt new manufacturing methods, General Electric expanded its Manufacturing Training Program in 1953 to 282 trainees, compared with 151 in 1952. The Division's plans call for progressive increases in the Program's participants so that by 1957 an estimated 675 trainees will be enrolled in this three-year program, thus making at least 200 men available each year for supervisory and specialist positions in manufacturing.

In 1953 the Division assisted the operating components in training 1600 participants in the Apprentice Training Program, which prepares young men in the skilled crafts of factory work. This was a 17 per cent increase over the 1952 participants.



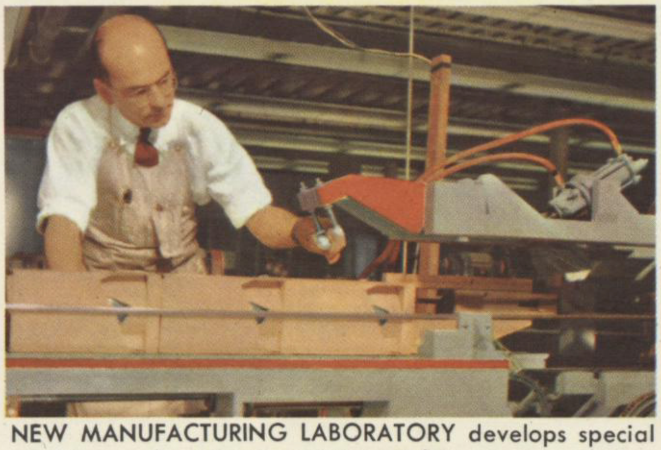
PATTERN of modern production: steel sheets are lifted, separated and automatically fed by suction-cup fingers into machines which convert them into range bodies at Appliance Park.

ELECTROSTATIC spray system at Appliance Park gives enamel a static charge, puts 98% of it on the product, compared with only 50% by conventional spray-gun methods.

MASS-PRODUCING television picture tubes: conveyor system for automatically applying film to aluminized tubes typifies methods of cutting costs through automation.

Development of new manufacturing methods leads to more efficient, lower-cost production

AS OTHER INDUSTRIES step up mechanization, the electrical industry is expected to supply 25% of the equipment. Electrification of world's fastest steel mills was completed by General Electric in 1953.



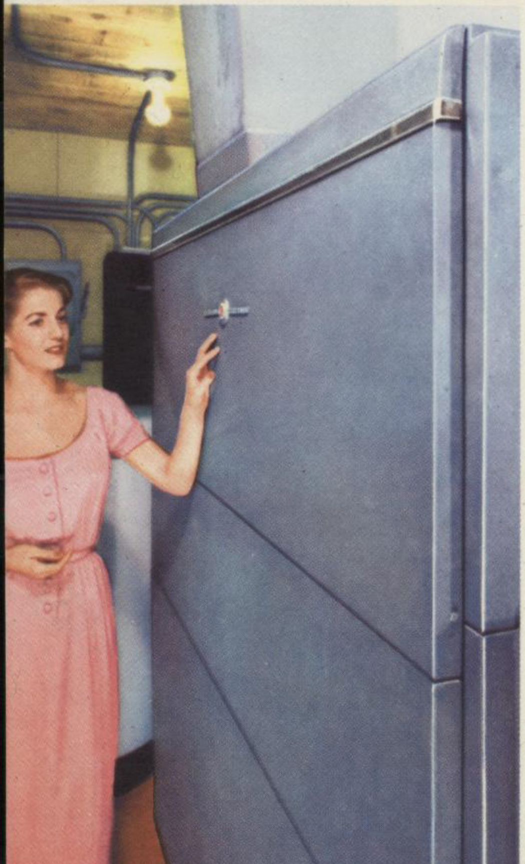
NEW MANUFACTURING LABORATORY develops special machines and automation equipment for increasing productivity. Pilot model of machine (above) which automatically packages products will be applied to actual operations.

LAZY SUSAN type shelves which rotate outward for easy accessibility are featured in combination refrigerator-freezers. Another '53 development: the new Coffee Maker which automatically brews coffee to the desired strength and keeps it at serving temperature.

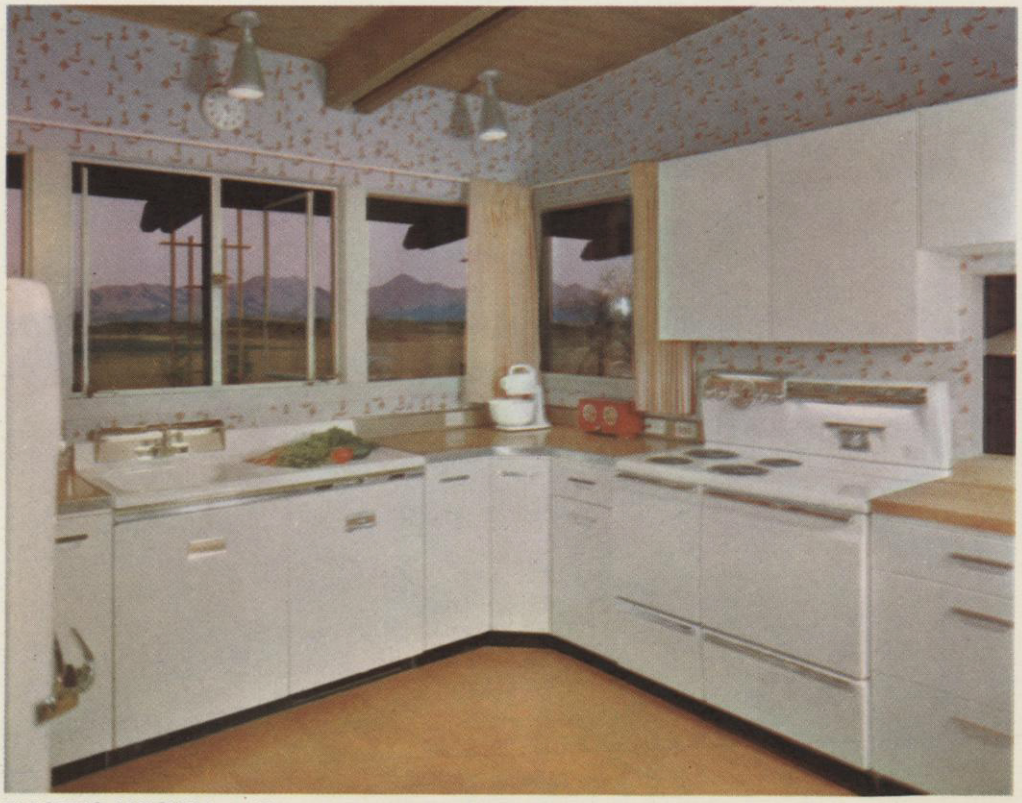
ELECTRONICS equipment includes General Electric high-fidelity sound reproduction components and television receiver.

Architects for the Hartsdale house—Sherwood, Mills & Smith: Louisville—Carl D. Russell: Phoenix—Ralph Haver.

LAUNDRY in Louisville house, with washer, dryer and ironer, also has a corner for a General Electric freezer.



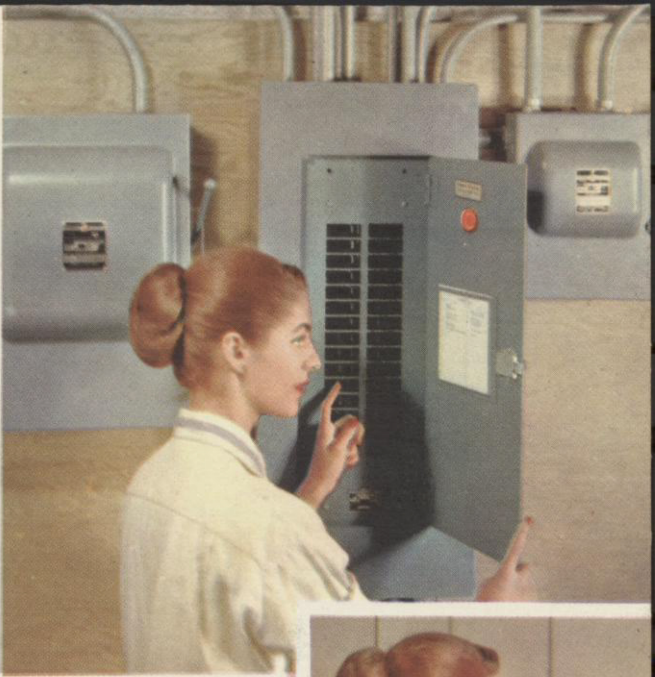
WEATHERTRON, or heat pump, provides all-electric heating and cooling.



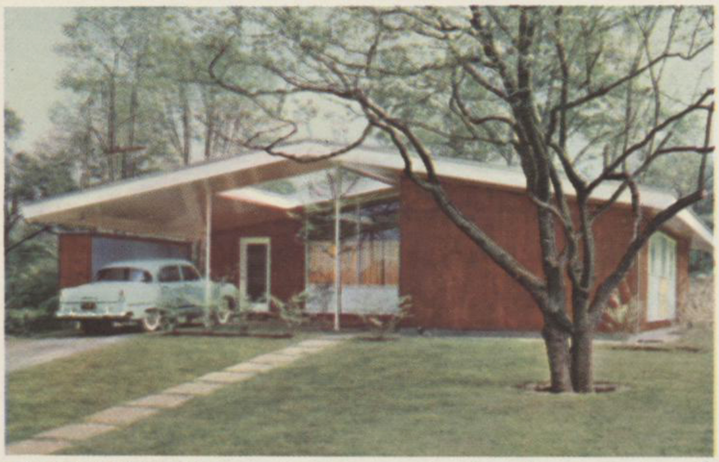
ELECTRIC KITCHEN in Phoenix house is planned to save steps and work. It's General Electric from the electric sink to the triple-whip mixer and clock-radio.

General Electric model homes—
showplaces for Company's home products

The house below has the distinction of having been designed specifically around the variety of home products produced by General Electric. The wiring system, the lighting, air conditioning, the kitchen and laundry, the Textolite plastic surfacing materials, the television receiver—all bear the General Electric name. The home is one of a number being sponsored by the Company to dramatize the contributions to modern home design growing out of General Electric research and development.



CIRCUIT BREAKER takes the place of fuse boxes in model homes.



HARTSDALE, N. Y. house is an example of medium-priced modern homes designed for General Electric by leading architects.

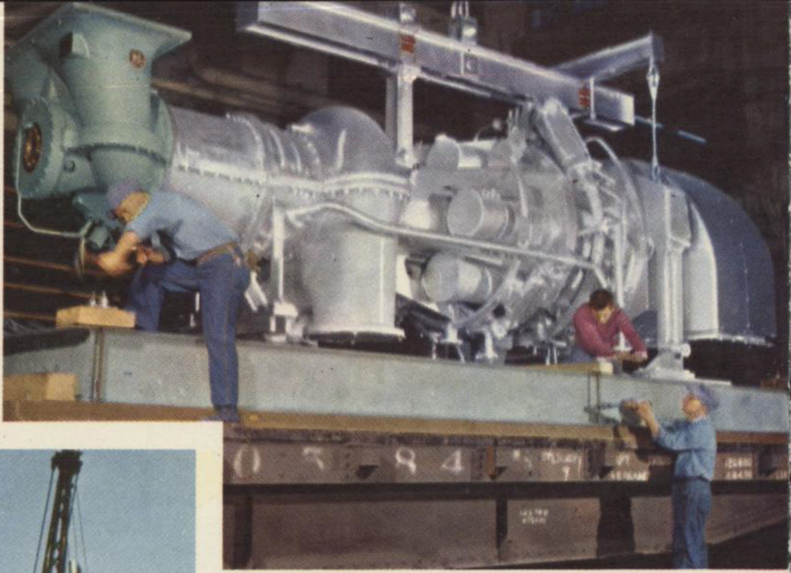
Photos of Hartsdale house courtesy of "Woman's Home Companion."

WIRING in the homes features the safety and convenience of 24-volt remote control switches. Selector switch operates both indoor and outdoor lights.

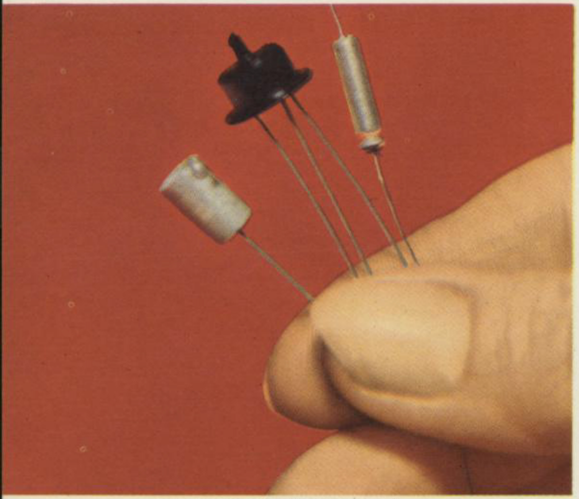
TEXTOLITE plastic surfacing is used on bathroom cabinets, counters, window sills, and on kitchen counter surfaces.

LIVING ROOM in Hartsdale house utilizes formulas or "recipes" for light-conditioning developed by Company's Lamp Division.

COLOR TV development included testing of color cameras during year which saw FCC approve new color system.

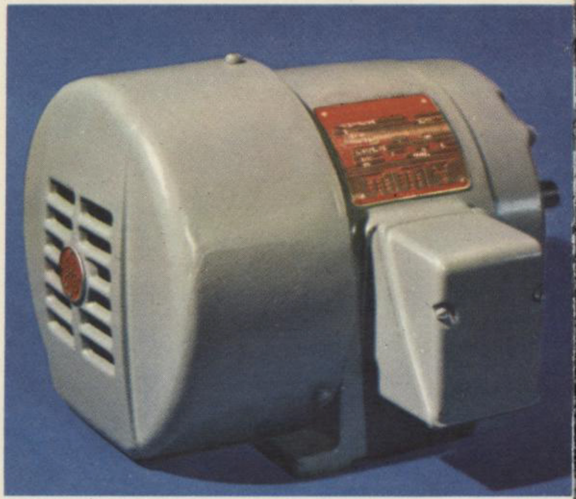


GAS TURBINE business was broadened in 1953 with first applications in oil refining and oilfield repressurization.



SEMICONDUCTOR devices and the new micro-miniature capacitor (top) can do the same tasks as electronic devices many times larger.

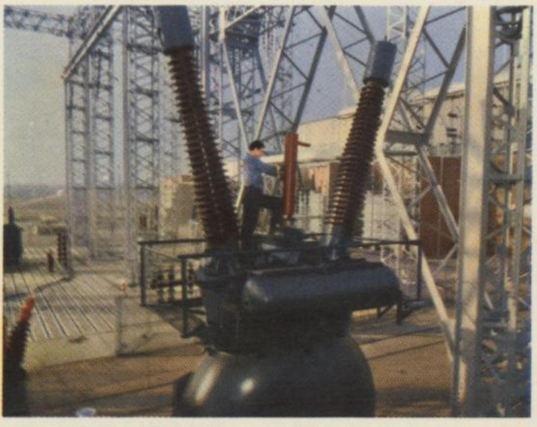
FLUORESCENT STREET LIGHTS offer such advantages that experts predict every major U.S. city will have installations within 10 years.



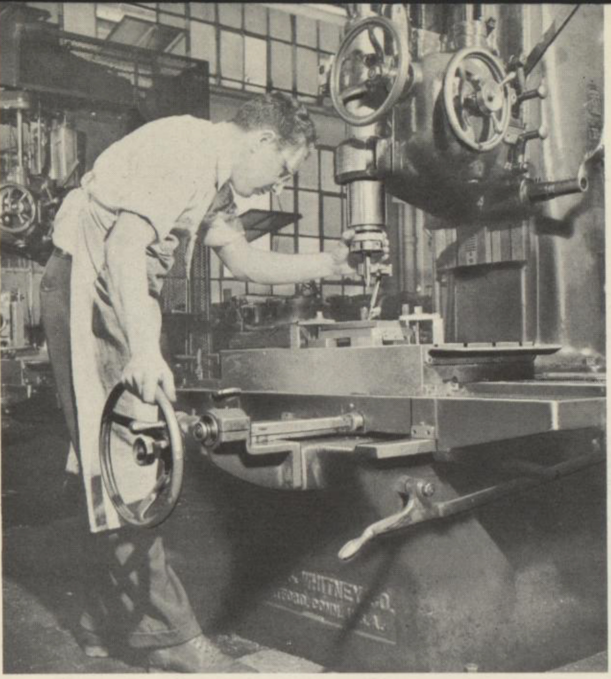
NEW MOTOR, the Tri-Clad '55', incorporates 55 improved features, is lighter, more compact. The 5-hp motor runs as quietly as previous 1 hp.

Developing new business from new products

LIQUID-LEVEL CHECKER, using x-rays to make sure cans are correctly filled, is finding widespread use in canning industry.



WORLD'S LARGEST circuit breakers, developed by General Electric, are for 330,000-volt transmission line—highest in U.S.



RESEARCH IN EMPLOYEE RELATIONS

Just as General Electric has for many years been an industrial leader in physical science research, so now the Company is intensifying its research into the equally challenging and rewarding area of human relations.

Historically, General Electric jobs were among the first to offer benefits like pensions, insurance and mutual welfare funds in addition to attractive pay and working conditions. Yet it was recognized that within the little-explored field of human relations lay the possibility of still greater incentives for employees to give freely of their skill, care and effort in return for other important job satisfactions.

Here was a job for research. Adopting outright the methods that had proved so effective in product development and sales, General Electric began a program of research in human relations.

This continuing job research program has sought to find out what employees like and dislike about their jobs, and *why*. It has sought to learn what they felt the Company should be doing to make their jobs more rewarding while still keeping in mind the balanced interests of the share owners and customers.

One of the most important phases of this research in 1953 was to find out what kinds of information about the Company and its activities would interest the employees and give them a better understanding of General Electric objectives.

The research continues with many techniques yet to be learned. What has been learned thus far has given effective guidance in selecting the points of greatest importance in the employee relations program. These points of primary consideration are Human Relations, Compensation and Working Conditions, Employee Information and Plant Community Relations.

Human Relations—putting the human considerations first, realizing that the employee wants human or emotional as well as material satisfactions and security from his job. The goal is to have each manager, at every level, try his best to visualize the point of view of the employee, to show his respect for the employee's dignity, to give the employee a valid sense of significance, participation, and pride in important things going on at General Electric.

Compensation and Working Conditions—doing right voluntarily about pay, benefits, and other physical or material aspects of jobs. To become constantly more competent to make better decisions, the Company seeks the best information available from all sources, including unions.

Information—giving the employee prompt and full information on matters affecting his job either directly or indirectly. This includes background information on social, political, and economic events and problems about which the employee needs adequate information if he is to make good decisions.

Community Relations—deserving and obtaining from the surrounding community recognition and approval of General Electric as a good employer in the broadest sense. To get and keep the best employee talent and have each employee in the most receptive and responsive frame of mind for best accomplishments in his own interest, it is necessary to *deserve*—and be *known* to deserve—this recognition and approval.

Making new share owners: William Bosello, Schenectady, reads in plant newspaper how Savings and Stock Bonus Plan is enabling over 100,000 participants to become share owners.

News
First Stock Bonus Holding Period Ends Dec. 31

EMPLOYEE COMPENSATION AND BENEFITS

Total Compensation

The rates of pay, as well as the number of employees, increased again in 1953 to an all-time high. The average number of employees was 222,070, an increase of 16,011 over 1952. Employee compensation and benefits costs charged against sales in 1953 were $1,146,756,000. Also, $60,438,000 was earned by the 10,768 employees in our atomic projects for which we show no product billing.

Total provision for compensation includes the contributions to the 23 benefits plans which General Electric helps support to aid employees in providing for their own welfare and financial security. Some of the more important plans are commented upon below.

Employee Benefit Plans

The Incentive Compensation Plan was first formalized in 1923 and approved in its present form by the Share Owners in 1951. Incentive Compensation is awarded by the Compensation Committee of the Board of Directors to individually selected members of the organization in managerial or equivalent positions who contribute materially to the success of the Company's business. The amount set aside based on the Company's 1952 net earnings was $10,200,000, of which $9,001,754 was allotted. Based on earnings of $165,728,000 for 1953, $11,200,000 has been set aside by the Directors for such allocation in 1954.

Suggestion Plan—Cash Awards of $686,000 were paid to employees whose suggestions were adopted in 1953. During the 31 years since the plan was formalized, the Company has paid employees a total of $5,007,000 in awards.

Insurance Plans—Approximately 98 per cent of all employees at the close of the year were members of the Company's insurance plans which provide protection against many emergencies including those resulting from death and nonoccupational disability. About the same percentage of those eligible had been afforded protection against hospital and surgical expenses of their dependents. Benefits amounting to $25,586,000 were paid under all insurance plans in 1953. It should be noted that the Company also pays the full costs of occupational disabilities as provided under State Workmen's Compensation laws.

Pension Plan—The Pension Plan was originally established in 1912 and amended with the approval of the Share Owners in 1946 and in 1951. The General Electric Pension Trust, to which the Company and employees contribute, provides for the payment of pensions to employees who reach retirement age as well as those who may become permanently disabled after 15 or more years of credited service. There were 14,895 pensioners receiving payments at December 31, 1953, and over 92 per cent of eligible employees were members of the Pension Plan. Free hospital and surgical insurance up to a maximum of $500 during their lives is provided for eligible pensioners from the assets of the General Electric Pensioners Hospitalization Trust.

Social Security taxes paid by the Company for 1953 amounted to $12,184,000, matching similar taxes paid by employees towards social security benefits. For the year 1953 the Company paid $12,023,000 to various state unemployment compensation funds. Employees are required to contribute toward this protection in only two states and for the year their contributions aggregated $39,000.

Savings Plans—Employees are encouraged to save through the General Electric Employees Savings and Stock Bonus Plan approved by the Share Owners in 1948. At the end of 1953, there were 102,078 participants and U. S. Saving Bonds costing $99,610,000 were on deposit. Under this plan bonds were being purchased through payroll deduction at the annual rate of $29,472,000. Employees saving under the plan receive a 15% bonus in General Electric common stock if they leave their bonds on deposit for the specified five-year period. The accumulated stock bonus at the end of 1953 amounted to 273,575 shares having a market value of $23,938,000. Employees may also purchase United States Savings Bonds by payroll deduction under the regular savings plan. At the end of the year, 20,382 employees were purchasing such bonds at an annual rate of $7,549,000.

Other Plans—Since 1922, 1,564 educational loans, fellowships and scholarships amounting to $734,000 have been provided for employees, children of employees or pensioners, and others. The Company also provides paid vacations, sales of Company products to employees at reduced prices, payments for certain specified holidays, and military duty allowances.

SALES EXCEED THREE BILLION; EARNINGS, DIVIDENDS UP

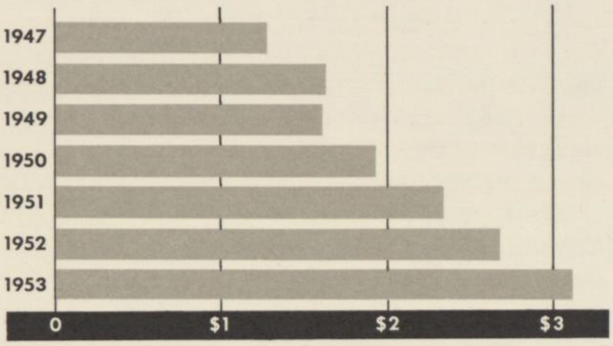
The Company's sales were a record $3,128,127,000 in 1953, up 19% over 1952 sales of $2,623,888,000.

Sales increased in all major product areas. Leading increases were in the Appliance and Electronics Group, up 31%, and in the Defense Products Group, up 28% over 1952. Export sales of International General Electric Company were the highest in its history, representing an increase of 17% over 1952. New foreign orders were, however, somewhat lower than the 1953 level of shipments.

During the last quarter of the year, sales of defense materials declined to some extent from earlier levels. Total sales for the Company during the final quarter were, however, at an annual rate of more than $3.1 billion.

The chart below shows the substantial rise in the Company's sales since World War II.

SALES IN BILLIONS

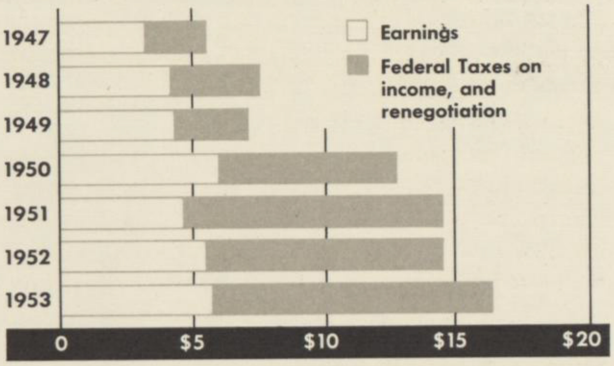


Earnings up 9% over 1952

Net earnings in 1953 were $165.7 million, or $5.75 a share. This was a 9% increase over the $5.26 earned in 1952 but was still less than the record earnings of 1950.

The major factor in preventing the benefits of General Electric growth over the last few years from being realized in net earnings in 1953 was the so-called "excess profits" tax. While income up to a base amount determined by law was taxed at a rate of 52%, most of the increases in income arising from growth and exceeding this base amount were taxed at the confiscatory rate of 82%. The effects of this tax policy on General Electric's earnings are illustrated by the following chart:

TAXES AND NET EARNINGS PER SHARE OF COMMON STOCK



You can see the increase which has occurred in the total of taxes and net earnings since 1947. The share owners' portion (net earnings) has increased only $2.45 a share, while the Federal government's portion has increased $8.44 a share.

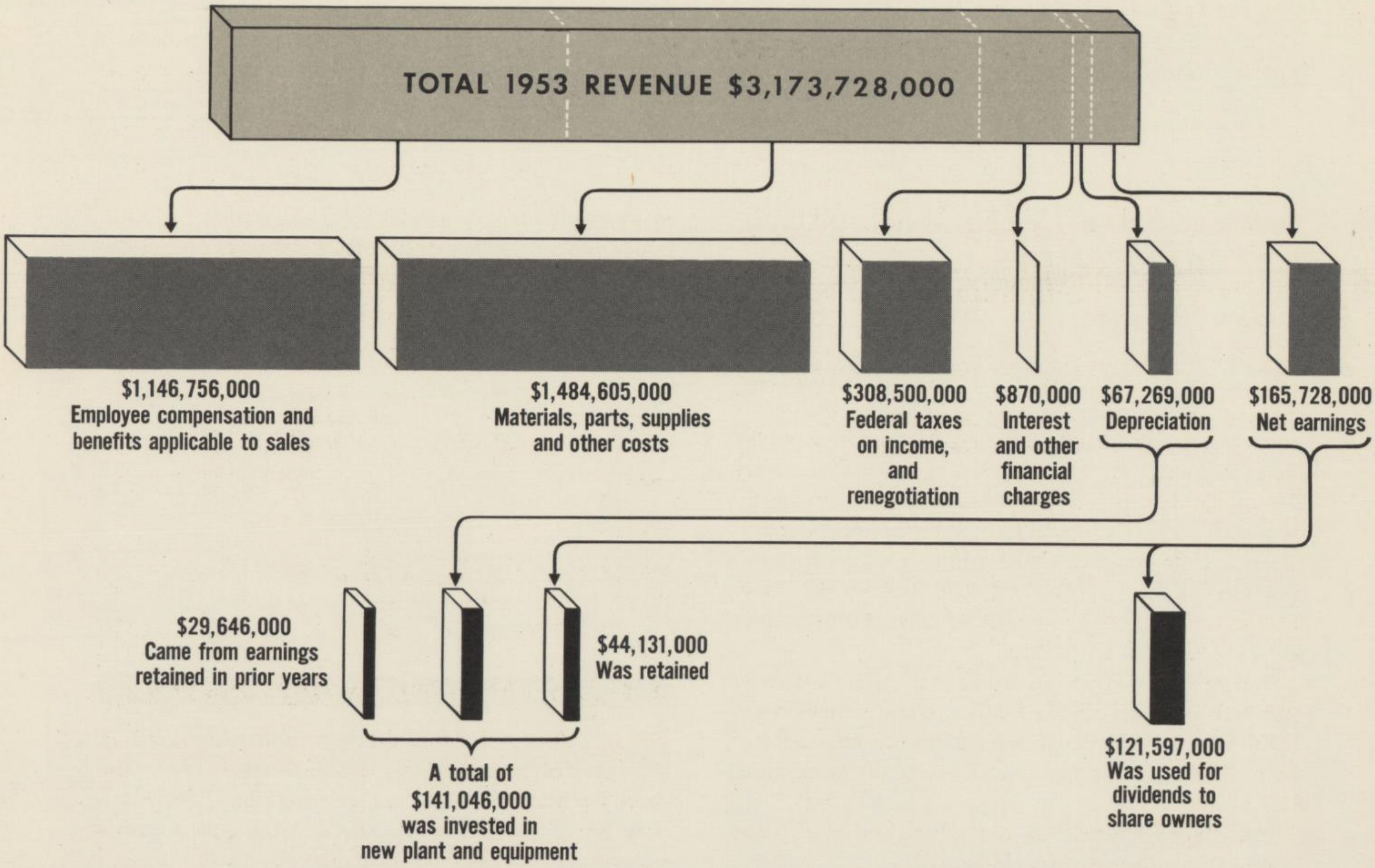
While some of the increase came from defense business, earnings on these sales are, of course, considerably lower than those on commercial business. In the first place, defense products are sold at prices under which the Company anticipates lower earnings. In addition, under the Renegotiation Act of 1951, the Federal government reviews our actual results on all sales related to the defense effort, and has the right to reduce the earnings further.

Since the provision for a possible refund of earnings under the renegotiation procedure is very similar to Federal taxes on income, we have combined these amounts on the statement of current earnings.

Other sundry revenue for 1953 included $16.2 million arising from sale or donation of certain domestic and foreign securities. Most of this nonrecurring revenue came from gains on sales of securities, and was subject only to capital gains tax. The remainder represented the appreciation in value (excess of market value over cost) which was realized when certain securities were donated to the General Electric Educational and Charitable Fund, as described on page 27.

Formal statements of 1953 earnings and financial condition at the end of the year are on pages 28–31.

HOW 1953 REVENUE WAS USED


TOTAL 1953 REVENUE $3,173,728,000
$1,146,756,000
Employee compensation and benefits applicable to sales
$1,484,605,000
Materials, parts, supplies and other costs
$308,500,000
Federal taxes on income, and renegotiation
$870,000
Interest and other financial charges
$67,269,000
Depreciation
$165,728,000
Net earnings
$29,646,000
Came from earnings retained in prior years
$44,131,000
Was retained
A total of $141,046,000 was invested in new plant and equipment
$121,597,000
Was used for dividends to share owners

Earnings of employees at new record high

Employee compensation and benefits applicable to sales for 1953 were $1,147 million, compared with $975 million for 1952, an increase of $172 million, or 18%.

The above amounts do not include wages and employee benefits applicable to work in process and finished goods inventories on hand at the end of the year, or chargeable to investment in plant and equipment; hence these amounts are not the same as *total* payments to or for the benefit of employees.

Total earnings of employees aggregated $1,051 million in 1953, a new record high, and a 19% increase over the $886 million paid in 1952. Average number of employees was 222,070 in 1953, compared with 206,059 the previous year, an 8% increase. Atomic projects at Hanford, Washington and Schenectady, New York are operated for the U.S. Government under a contract which provides that the Company shall recover all costs incurred plus a fee of $1.00. No costs under this nonprofit contract are included in the statement of current earnings on page 29. To provide better comparisons with operations, employee statistics have been revised to exclude amounts applicable to these projects, and similar revisions of prior years' data have been made on pages 32 and 33.

Cash dividends paid of $4.00, cash dividends declared of $4.25 were also new highs

Cash dividends paid in 1953 were $4.00 a share—a new record for cash dividends. Dividends of 75 cents a share were paid in all four quarters, plus a special dividend of $1.00 declared and paid in the last quarter of 1953. Dividends paid represented 70% of 1953 earnings.

Dividends declared totaled $4.25 in 1953—regular dividends of 75 cents in the first three quarters and $1.00 (paid in 1954) in the last quarter, plus the special $1.00 dividend in the last quarter. Aggregate dividends declared were $122 million, compared with $86 million, or $3.00 a share, in 1952.

As a percentage of net earnings, dividends declared represented 74% in 1953, compared with 57% in 1952, and an average from 1947 through 1952 of 55%.

Cash and marketables

The Company's holdings of cash and marketable securities at the end of 1953 amounted to $435 million, an increase of $84 million or 24% over the same items at the end of 1952.

The Company's commitments for taxes and other liabilities, payable in large part during the first six months of 1954, were also higher than at the close of the year before.

Ratio of inventories to sales

Inventories after reserves at the end of 1953 were $641 million, compared with $623 million at the end of 1952, an increase of $18 million, or 3%.

Inventories of both consumer goods and heavy apparatus lines increased somewhat during the year. Inventories related to the manufacture of defense materials declined.

One measure of the success of inventory management is the ratio of inventories to sales, with a lower ratio almost always being more desirable.

The chart below compares this ratio for the last fifteen years. At the end of 1953, net inventories were 20.5% of 1953 sales, compared with 23.7% a year earlier.

Progress collections

The Company's contracts for manufacture of large units of electrical apparatus and defense products provide that the customer will pay for work performed as production progresses.

Total progress collections from private and governmental customers amounted to $389 million at the end of 1953, a decrease of $27 million from the close of 1952.

Price adjustments accrued were estimated amounts payable primarily under contracts for defense materials. These adjustments arose because the Company was able to produce the materials for less than estimated costs used for prices originally negotiated.

Net working capital

The excess of total liquid resources (current assets) over total obligations due within one year (current liabilities) is referred to as net working capital. During 1953, the Company's net working capital declined from $399 million to $370 million, principally because of additional funds required for investment in new plant and equipment and increased dividends.

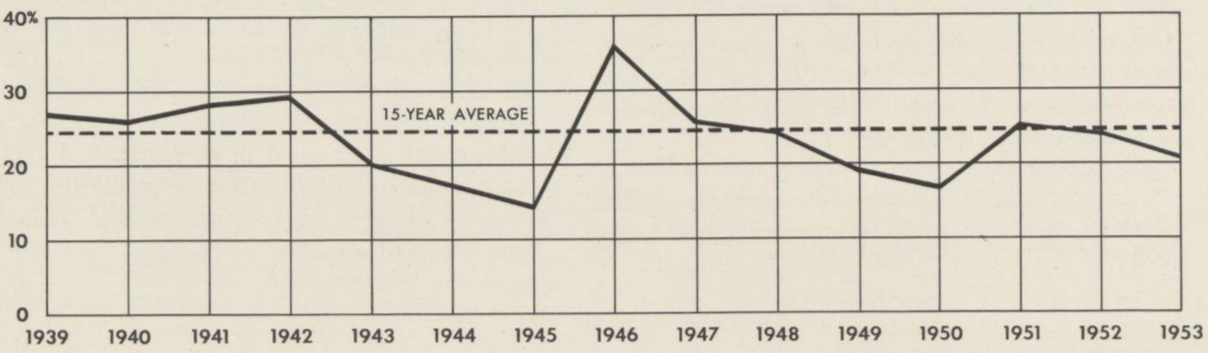
NET WORKING CAPITAL

(In millions)	1953	1952
Net working capital at January 1	$398.7	$352.5
Additions:		
Net earnings for the year	165.7	151.7
Depreciation of plant and equipment	67.3	59.7
All other—net	11.3	6.6
	643.0	570.5
Deductions:		
Dividends on common stock	121.6	85.9
Expenditures for plant and equipment	141.0	123.1
Advances to General Electric Credit Corporation	10.0	37.2
	272.6	171.8
Net working capital at December 31	$370.4	$398.7

Investments

Total investments were $172 million at the end of 1953, an increase of $11 million, or 7%, over the previous year-end. The basis of valuation of investments is discussed in notes 1, 5 and 10 on pages 30 and 31. There are three main types of investments:

(In millions)	December 31 1953	 1952
Nonconsolidated affiliated companies	$164.7	$140.6
General Electric Company common stock	9.6	7.1
Miscellaneous	5.4	20.8
	179.7	168.5
Less reserves for possible losses	7.5	7.5
Total investments—after reserves	$172.2	$161.0



YEAR-END INVENTORIES AS A PERCENTAGE OF NET SALES BILLED

Investment in nonconsolidated affiliated companies is the major portion of the Company's total investments. The increase during 1953 represented largely increased investment in these affiliates and earnings which the affiliates did not distribute as dividends. You will note that these undistributed earnings are not included in the Company's net earnings. Instead, they are added directly to reinvested earnings. Only dividends received are taken into the Company's income.

The principal nonconsolidated affiliates are:

General Electric Distributing Corporation (100% owned), which conducts a wholesale distribution business through its three Divisions—General Electric Supply Company, General Electric Appliances Co. and Hotpoint Appliance Co. (newly established in 1953). Branches are operated in more than 150 cities throughout the United States. Advances by the Company to this affiliate were $0.5 million at the end of 1953, compared with $2.4 million at the beginning of the year. Operating results for the Distributing Corporation were as follows:

	(In millions) 1953	1952
Sales	$598.5	$540.5
Net earnings	4.4	8.5
Dividends received by General Electric	3.8	4.5

Canadian General Electric Company, Ltd., which manufactures and sells General Electric products in Canada. Operating data for this Company:

	(In millions) 1953	1952
Sales (Canadian dollars)	$205.1	$154.4
Net earnings (Canadian dollars)	11.0	7.1
Dividends received by General Electric (U.S. dollar equivalent)	2.2	2.2

During 1953 ownership of the common stock of this affiliate was increased to 98.2% by purchase of an additional 4,495 shares. Most of these were acquired under an offer made late in the year to purchase all shares held by minority share owners. The offer was still outstanding at the date of this Report.

General Electric Credit Corporation (100% owned), which conducts a sales financing business to aid in the distribution and sale of the Company's products. Advances by the Company to this affiliate were $45.0 million at the end of 1953 compared with $35.0 million at the start of the year. Earnings and dividends for this affiliate were:

	(In millions) 1953	1952
Net earnings	$ 4.1	$ 3.2
Dividends received by General Electric	3.0	2.0

Investment in General Electric common stock was the cost of 157,697 shares held at the close of 1953. A summary of the shares purchased and used in 1953:

	Number of shares
Shares held at January 1, 1953	159,335
Shares purchased during 1953	146,115
	305,450
Shares used during 1953:	
Under the Incentive Compensation Plan:	
Delivered in lieu of cash payments	41,702
Contingently allotted	12,394
Transferred to trustees of the General Electric Educational and Charitable Fund	44,900
Set aside for 1953 requirements under the Employees Savings and Stock Bonus Plan	37,200
Used to acquire common stock of Canadian General Electric Company, Ltd.	7,747
Other charitable contributions	2,150
Other deliveries to employees in lieu of cash	1,660
Total shares used	147,753
Shares held at December 31, 1953	157,697

Investment in miscellaneous securities consisted principally of minority interests in foreign companies. The decrease during 1953 of $15.4 million resulted primarily from the sale of holdings in certain English and French as well as domestic companies, and the delivery of certain securities donated to the General Electric Educational and Charitable Fund (page 27).

$141 million spent on new plant and equipment during 1953

The productive facilities of General Electric at the close of 1953 consisted of 132 plants located in 101 cities and 25 states, with 60.8 million square feet of manufacturing floor space.

Expenditures for new plant and equipment totaled $141 million in 1953. These included amounts for improving the productivity of existing equipment, as well as for expansion of manufacturing and laboratory facilities. Changes in the Company's plant and equipment accounts during 1953 are summarized on the next page.

Provision for depreciation, or wear and tear on plant and equipment, during 1953 amounted to $67.3 million compared with $59.7 million for the previous year. Certificates of necessity had been obtained on facilities with an estimated cost of $180.5 million. Approximately 67% of this amount may at the option of the Company be amortized over a period of five years, the balance being subject to depreciation at normal rates. Included in depreciation for 1953 was approximately $10.6 million representing amortization for the year on facilities acquired to date under certificates of necessity.

PLANT AND EQUIPMENT

	1953	1952
Cost of plant and equipment in use January 1	$839,835,000	$751,784,000
Cost of facilities added during year	141,046,000	123,082,000
Deduct: Cost of facilities dismantled during year	*40,505,000*	*35,031,000*
Cost of plant and equipment in use December 31	940,376,000	839,835,000
Accumulated depreciation January 1	460,681,000	433,062,000
Depreciation charged against income during year	67,269,000	59,734,000
Deduct: Accumulated depreciation on facilities dismantled during year	*37,325,000*	*32,115,000*
Accumulated depreciation December 31	490,625,000	460,681,000
Net book value of plant and equipment December 31	$449,751,000	$379,154,000

Donations made to General Electric Educational and Charitable Fund

Donations were made during 1953 to a new General Electric Educational and Charitable Fund, a trust established by authorization of the Board of Directors on November 21, 1952.

Early in 1953, 44,900 shares of the Company's common stock held in the Treasury, valued at $3,244,000, were delivered to the new trust. Later in 1953, certain miscellaneous domestic securities with a market value of approximately $3.5 million were donated to the trust. In December 1953 the Board of Directors authorized the donation to the Fund of additional securities with estimated market value of $3.3 million. These securities were delivered early in 1954.

The General Electric Educational and Charitable Fund was established to provide an efficient method of investing and dispensing funds for educational and charitable purposes. It is contemplated that this method of making the Company's educational and charitable contributions will not involve donations by the Company in excess of amounts the Company would otherwise contribute from time to time for such purposes.

New Stock Option Plan for key employees

Under the Stock Option Plan approved by the Share Owners at the 1953 Annual Meeting, restricted stock options for 784,062 shares of the Company's common stock were granted to 294 key employees in June 1953 and to 351 additional key employees in September 1953. Further details of these options will be found in Note 8 on page 31.

Selection of the employees to whom options were granted received careful consideration from the Compensation Committee of the Board of Directors, and was made on the basis of the employees' responsibilities and their present and potential contribution to the success of the Company. The Plan is being extended gradually and carefully to a widely spread group of key employees as an incentive for them to use their best efforts in the Company's behalf. Of the 1,400,000 shares which the Share Owners authorized for use under the Plan, options for 784,062, or 56%, had been granted through the close of 1953, leaving 615,938 shares unallotted at the end of the year.

Option grants are made at full market value as shown by the reported closing price of the stock on the New York Stock Exchange on the day options are granted. Employees receiving options, therefore, obtain no benefit unless the market value of General Electric common stock increases, which is of benefit to all share owners.

To extend the incentive period and retain these key individuals in the employ of the Company, options were generally granted for periods of eleven years each, with the shares allotted in approximately ten equal annual installments. The options cannot be exercised immediately, but only in installments accruing annually over the period of the options—starting with the end of the first year. The only exceptions were employees with less than ten years' service remaining until their normal retirement dates, in which case options were granted for these lesser periods. If an individual leaves the employ of the Company prior to the end of the option period, he loses the right to exercise his option on allotments maturing thereafter.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At December 31	
	1953	1952
Cash and marketable securities (Note 2)	$ 435,128,094	$ 351,005,123
Receivables—after reserves (Note 3)	402,912,926	432,268,648
Inventories—after reserves (Note 4)	641,493,268	622,987,340
	1,479,534,288	1,406,261,111
Less: Price adjustments accrued and progress collections	*476,783,113*	*432,423,311*
Total current assets	1,002,751,175	973,837,800
Investments—after reserves (Note 5)	172,246,973	160,981,776
Plant and equipment, less accumulated depreciation (Note 6)	449,750,547	379,153,960
Other assets (Note 7)	71,840,041	65,550,342
Total assets	1,696,588,736	1,579,523,878
Accounts payable (Note 3)	105,263,020	110,605,179
Dividends payable	28,576,054	21,433,420
Federal, state and local taxes accrued	358,049,353	312,819,803
Other costs and expenses accrued	140,476,416	130,276,319
Total current liabilities	632,364,843	575,134,721
Other liabilities (Note 7)	70,713,011	68,190,090
Deferred income	1,473,735	2,145,469
Miscellaneous reserves	59,625,132	61,172,084
Total liabilities and reserves	764,176,721	706,642,364
Excess of assets over liabilities and reserves—ownership	$ 932,412,015	$ 872,881,514
Ownership evidenced by:		
Common stock (Note 8)	$ 180,287,046	$ 180,287,046
Investment in excess of stated value of common stock (Note 9)	22,262,383	20,907,172
Reinvested earnings	729,862,586	671,687,296
Total share owners' investment	$ 932,412,015	$ 872,881,514

REINVESTED EARNINGS

	1953	1952
Reinvested earnings at beginning of year	$ 671,687,296	$ 589,825,545
Net earnings for year	165,727,889	151,719,905
Undistributed earnings of nonconsolidated affiliates (Notes 5 and 10)	14,044,658	16,023,824
Dividends declared	*121,597,257*	*85,881,978*
Reinvested earnings at end of year	$ 729,862,586	$ 671,687,296

The notes on pages 30 and 31, which include a description of the basis of consolidation, constitute an integral part of these statements.

CURRENT EARNINGS

	Year Ended December 31	
	1953	**1952**
Sales of products and services to customers	$3,128,127,301	$2,623,887,509
Dividends, interest and other sundry revenue	45,600,576	28,559,348
Total revenue	3,173,727,877	2,652,446,857
Cost of sales, selling and administrative expenses (Note 11)	*2,699,499,988*	*2,236,726,952*
Provision for Federal taxes on income, and renegotiation (Note 12)	*308,500,000*	*264,000,000*
Total costs and expenses	*3,007,999,988*	*2,500,726,952*
Net earnings	$ 165,727,889	$ 151,719,905

The notes on pages 30 and 31, which include a description of the basis of consolidation, constitute an integral part of this statement.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
Seventy Pine Street, New York 5, N. Y.

To the Share Owners and the Board of Directors of
General Electric Company, Schenectady, N. Y.

We have examined the consolidated statement of financial position of General Electric Company and affiliates as of December 31, 1953 and the related statements of earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statements present fairly the financial position of General Electric Company and affiliates at December 31, 1953 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.

New York 5, N. Y.
February 19, 1954

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1—***Basis of Consolidation.*** These financial statements at December 31, 1953 represent a consolidation of the accounts of the Parent Company—General Electric—and those of the following wholly owned affiliated companies: General Electric Realty Corporation; The Mahoning Valley Steel Company; and The Maqua Company. (Hereafter referred to as the Consolidated Group.)

The accounts of other affiliated companies, a majority of whose voting stock was owned, directly or indirectly, by the Parent Company, were not consolidated because their businesses either did not involve manufacturing or were conducted outside the continental United States. (Hereafter referred to as Nonconsolidated Affiliates.)

The financial interests of the Consolidated Group in the Nonconsolidated Affiliates were carried on the accompanying consolidated statement of financial position as Investments, on the valuation basis described in Note 5.

The net earnings of the Consolidated Group reflected (a) the inclusion of amounts received as dividends from, rather than the equity in the net earnings of, the Nonconsolidated Affiliates; and (b) the elimination of unrealized intercompany inventory profits.

Note 2. ***Cash and marketable securities*** included marketable securities of $376,596,084 at December 31, 1953, and $286,064,657 at December 31, 1952. These securities, which consisted of issues of the U.S. Government and its agencies and of high grade short-term commercial paper, were carried at the lower of amortized cost or market value, on the basis of individual issues. The aggregate quoted market value of these securities was $377,197,645 at December 31, 1953, and $286,084,466 at December 31, 1952.

Note 3. ***Receivables***—after reserves included receivables of $54,078,578 from Nonconsolidated Affiliates at December 31, 1953 and $71,707,474 at the end of 1952. Amounts due to Nonconsolidated Affiliates totaling $3,923,367 and $3,044,141 at December 31, 1953 and 1952 respectively were included in accounts payable.

Note 4. ***Inventories*** were verified by physical count during the latter part of the year. With the exception of tungsten stocks, inventories were carried, in accordance with long-established practice, at the lower of cost (exclusive of certain indirect manufacturing expenses) or market values of individual items or groups of items on a "first-in, first-out" basis, less reserves which (a) make provision for possible losses on inactive and excess stocks; (b) have the effect of accounting for the inventory of copper substantially in accordance with the base stock principle; and (c) eliminate unrealized intercompany profits. The tungsten metal stocks were valued on a "last-in, first-out" basis.

Note 5. ***Investments*** consisted of:

	December 31	
	1953	1952
Nonconsolidated Affiliated Companies:		
Canadian General Electric Company, Ltd.	$ 52,032,888	$ 42,175,556
General Electric Credit Corporation	61,552,341	50,415,632
General Electric Distributing Corporation	28,004,817	29,469,094
Others	23,142,970	18,499,192
General Electric Company common stock	9,626,859	7,155,246
Miscellaneous securities	5,387,098	20,767,056
	179,746,973	168,481,776
Reserve for investments	*7,500,000*	*7,500,000*
	$172,246,973	$160,981,776

Carrying values of investments in Nonconsolidated Affiliates represented the sum of the Consolidated Group's outstanding advances to, and equity in the net worth of, each Nonconsolidated Affiliate as of the close of the year. The net worth of each Nonconsolidated Affiliate was determined on the same accounting basis as was employed by the Consolidated Group, and thus it reflected (a) the elimination of unrealized intercompany profits and (b) the application of safety factor discounts to foreign currency asset values.

Notes payable by domestic Nonconsolidated Affiliates to outside sources as of December 31, 1953 were as follows:

General Electric Credit Corporation	$119,629,500
General Electric Distributing Corporation	43,325,000

General Electric common stock in the portfolio was held for corporate purposes and was carried at its cost. There were 157,697 shares held on December 31, 1953, the aggregate quoted market value of which was $13,798,456.

Miscellaneous securities were valued at cost except for certain investments, which were written off some years ago as war losses, and which have subsequently been recovered in part. On December 31, 1953 the estimated market or fair value of the portfolio was $20,500,000.

Note 6. ***Plant and equipment*** details were:

	December 31	
	1953	1952
Plant and equipment, at cost	$940,375,927	$839,835,424
Depreciation reserves	*490,625,380*	*460,681,464*
	$449,750,547	$379,153,960

Note 7. ***Other assets and Other liabilities*** included assets of, and liabilities for, the following special funds:

	December 31	
	1953	1952
Fund for payments under U.S. Government contracts	$ 12,203,984	$ 19,330,302
Employee benefit plans and taxes withheld	33,037,167	24,865,632
Total special funds	$ 45,241,151	$ 44,195,934

Funds for employee benefit plans included amounts provided under the deferred contingent provisions of the Incentive Compensation Plan for the years 1947 through 1953 in the amount of $4,883,741.

Note 8—***Common Stock.*** Under the terms of the Stock Option Plan approved by the Share Owners at the 1953 Annual Meeting, restricted stock options for the purchase of the Company's common stock were granted to 645 officers and key employees during 1953. The option price represented the closing market price of the stock on the dates of grant of the options. Under the Stock Option Plan, options for a total of 1,400,000 shares of the Company's common stock may be granted; option grants during 1953 and the option prices thereof were for 511,280 shares at $71.25 and 272,782 shares at $72.50.

Amounts shown for common stock represented the stated value of no par value shares, of which 35,000,000 shares were authorized and 28,845,927 issued at December 31, 1953 and 1952.

In addition to the common stock there have been authorized, but not issued, 1,207,036 shares of $10.00 par value 6% cumulative special stock.

Note 9. ***Investment in excess of stated value of common stock*** represented profits realized on treasury stock disposed of and premiums received on original sales of common stock.

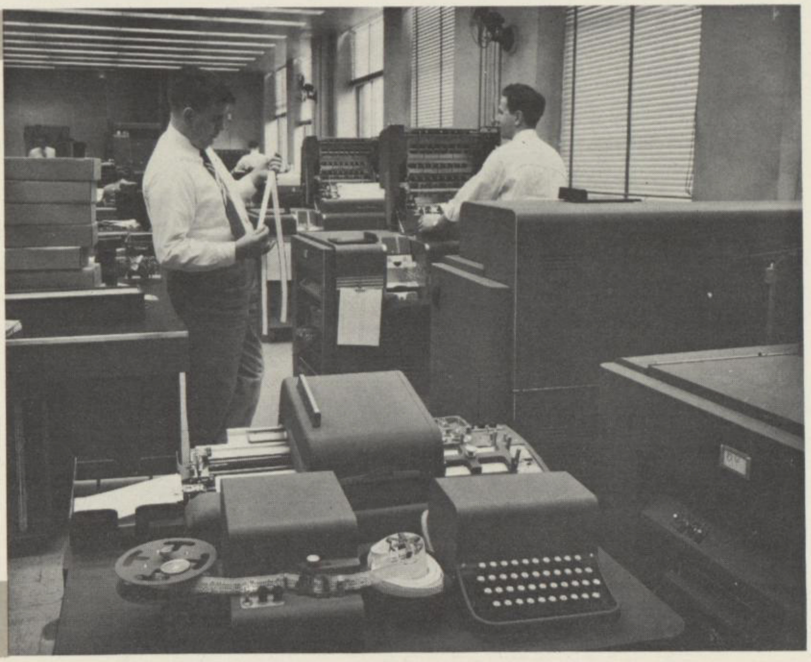
Note 10. ***Undistributed earnings*** represented the differences between the equity of the Consolidated Group in the net earnings or losses of, and the dividends from, the Nonconsolidated Affiliates for each respective year.

Note 11. ***Cost of sales, selling and administrative expenses*** excluded all costs, expenses and charges applicable to atomic projects operated for the U.S. Government at Hanford, Wash. and Schenectady, N. Y.

Provision for depreciation of plant and equipment amounted to $67,269,345 in 1953 and $59,733,720 in 1952. The provisions included, in the case of facilities covered by necessity certificates, the amounts of amortization deducted from income for tax purposes.

Note 12—***Federal taxes on income.*** The amounts shown for 1953 and 1952 include $72,883,000 and $58,132,000 respectively, as provision for excess profits tax.

RESEARCH IN ACCOUNTING methods is conducted by General Electric to speed collection of financial information and to cut costs. New system introduced in 1953 uses coded teletype tapes and special machines to overcome mailing timelags for reports from widely scattered plants. Now all statements can be assembled in Schenectady in a few hours and made into a composite report for the Company's management.



15 YEAR

	1953	1952	1951	1950	1949	1948
Sales to customers	**$3,128.1**	$2,623.8	$2,319.3	$1,960.4	$1,613.6	$1,632.7
Nonoperating income	**45.6**	28.5	21.9	28.9	20.2	18.8
Employee compensation and benefits (a)	**1,146.7**	975.0	870.5	695.9	649.6	659.9
Materials, supplies, etc. (b)	**1,484.6**	1,201.7	998.6	867.0	728.2	730.5
Depreciation charges (c)	**67.3**	59.7	56.5	51.2	47.5	38.3
Interest and financial charges	**0.9**	0.2	—	4.8	4.9	5.3
Federal taxes on income, and renegotiation (d)	**308.5**	264.0	277.5	197.0	78.0	93.7
Net earnings	**165.7**	151.7	138.1	173.4	125.6	123.8
Dividends declared	**121.6**	85.9	85.9	97.1	71.0	51.4
Total earnings of employees (e)	**1,050.8**	885.6	842.3	642.3	570.9	625.1
Average number of employees (e)	**222,070**	206,059	201,703	174,758	170,492	187,848
Capital invested (f)	**$932.4**	$872.9	$788.4	$702.9	$761.5	$734.8
Average number of share owners	**247,944**	252,837	252,993	249,530	250,562	249,311
Product price index (g)	**118**	114	114	103	101	101
Plant expenditures	**$141.0**	$123.1	$102.2	$58.2	$60.9	$103.9
Provision for all taxes (d)	**422.5**	360.0	402.6	299.4	152.1	173.7
Notes payable December 31	**—**	—	—	—	144.5	177.1
Earnings as a % of sales	**5.3%**	5.8%	6.0%	8.8%	7.8%	7.6%
Earned on capital invested (h)	**17.8%**	17.4%	17.5%	25.2%	17.0%	17.5%

(a) Excludes compensation applicable to work in process and finished goods on hand at end of year, that chargeable to plant construction or similar capital projects, and that applicable to atomic projects at Hanford, Washington and Schenectady, New York. Includes pensions, insurance and all other employee benefits.

(b) Includes all other applicable costs, expenses and charges not separately tabulated.

(c) Amortization charges, if any, are included. The 1945 charges also include accelerated amortization of emergency facilities applicable to the years 1940-1945 inclusive.

(d) Amounts shown cover provision for taxes applicable to operations for the year, less claims for refunds of taxes on income for prior years and estimated post-war refunds of excess profits taxes.

SUMMARY

DOLLAR
AMOUNTS
IN MILLIONS

1947	1946	1945	1944	1943	1942	1941	1940	1939
$1,330.8	$768.9	$1,378.3	$1,447.1	$1,377.2	$964.5	$744.1	$456.5	$342.3
16.7	13.4	9.7	16.3	10.1	11.1	13.0	13.2	10.0
554.4	397.4	475.0	534.2	536.2	410.9	265.9	174.2	143.7
599.4	340.2	716.7	696.9	633.3	372.1	278.7	175.4	138.4
28.3	21.5	43.6	28.0	27.1	26.3	23.5	16.7	15.7
5.3	1.3	0.6	0.8	1.3	1.1	1.4	0.5	0.7
64.8	21.1	93.1	150.0	141.2	120.9	130.9	46.3	11.0
95.3	43.0	59.0	53.5	48.2	44.3	56.7	56.6	42.8
46.1	46.1	46.1	40.3	40.3	40.3	50.4	53.3	40.3
537.4	404.7	433.9	497.2	506.0	410.7	278.6	169.6	134.5
179,846	159,435	161,822	180,018	184,445	151,644	121,326	85,746	71,485
$632.8	$578.7	$380.7	$368.1	$357.9	$347.8	$337.5	$330.7	$328.1
249,351	246,013	238,975	232,925	226,386	220,504	217,398	211,622	209,627
98	82	(g)	(g)	(g)	(g)	(g)	74	75
$102.0	$99.8	$41.1	$13.3	$14.9	$31.7	$45.2	$23.5	$13.3
129.4	17.7	126.9	191.1	175.0	154.2	159.5	61.8	24.8
202.4	202.9	3.4	4.1	5.1	5.1	5.7	4.7	3.7
7.2%	5.6%	4.3%	3.7%	3.5%	4.6%	7.6%	12.4%	12.5%
15.8%	7.6%	15.6%	14.6%	13.5%	12.8%	16.9%	17.2%	13.1%

(e) These data cover employees on the payroll and their total earnings for the year, excluding applicable pensions, insurance, and other employee benefits. These data exclude 10,768 employees with 1953 earnings of $60,438,000 at atomic projects operated for the U.S. Government at Hanford, Washington and Schenectady, New York.

(f) Share owners' investment plus notes payable as of December 31 each year.

(g) Index numbers 1947-1949=100. Data cover prices of Parent Company only in 1939 and of the consolidated companies thereafter. Data for 1941-1945 inclusive were omitted because production was largely for war purposes.

(h) Consolidated net earnings for the year—before interest on money borrowed during the years 1946 to 1950—in relation to capital invested at the close of the year.

BOARD OF DIRECTORS

S. SLOAN COLT
President and Director
Bankers Trust Company
New York, N. Y.
A Director for 14 years

RALPH J. CORDINER
President
General Electric Company
New York, N. Y.
A Director for 5 years

DONALD K. DAVID
Dean, Harvard University
Graduate School of Business
Administration
Boston, Mass.
A Director for 9 years

CHARLES D. DICKEY
Chairman of the Executive
Committee and Director
J. P. Morgan & Co. Incorporated
New York, N. Y.
A Director for 13 years

G. PEABODY GARDNER
Trustee
Boston, Mass.
A Director for 15 years

FRANCIS L. HIGGINSON
Vice President and Director
Lee Higginson Corporation
Boston, Mass.
A Director for 34 years

JOHN HOLMES
President and Director
Swift & Company
Chicago, Ill.
A Director for 5 years

GEORGE H. LOVE
President and Director
Pittsburgh Consolidation
Coal Company
Pittsburgh, Pa.
A Director for 4 years

THOMAS B. McCABE
President and Director
Scott Paper Company
Chester, Pa.
A Director for 2 years

NEIL H. McELROY
President and Director
The Procter & Gamble
Company
Cincinnati, Ohio
A Director for 4 years

GEORGE G. MONTGOMERY
President, Kern County
Land Company
San Francisco, Calif.
A Director for 6 years

HENRY S. MORGAN
Partner
Morgan Stanley & Co.
New York, N. Y.
A Director for 14 years

PHILIP D. REED
Chairman of the Board
General Electric Company
New York, N. Y.
A Director for 14 years

SIDNEY J. WEINBERG
Partner
Goldman, Sachs & Co.
New York, N. Y.
A Director for 9 years

LEWIS B. WILLIAMS
Chairman of the Board
and Director
The National City Bank
of Cleveland
Cleveland, Ohio
A Director for 19 years

ROBERT W. WOODRUFF
Chairman of the Executive
Committee and Director
The Coca-Cola Company
Atlanta, Ga.
A Director for 6 years

OFFICERS

President

RALPH J. CORDINER

Chairman of the Board

PHILIP D. REED

Executive Vice Presidents

HENRY V. ERBEN
ROY W. JOHNSON
ROBERT PAXTON

Vice Presidents

WALTER R. G. BAKER
JOHN W. BELANGER
LEMUEL R. BOULWARE
JOHN L. BUSEY
JAMES M. CRAWFORD
NICHOLAS M. DuCHEMIN
FRANCIS E. FAIRMAN, JR.
W. ROGERS HEROD
CHESTER H. LANG
CRAMER W. LaPIERRE
CLARENCE H. LINDER
RAY H. LUEBBE
HAROLD A. MacKINNON
DONALD L. MILLHAM
CHARLES K. RIEGER
HAROLD F. SMIDDY
C. GUY SUITS
ARTHUR F. VINSON
CLARENCE C. WALKER
GLENN B. WARREN
WILLIAM C. WICHMAN

Comptroller

GERALD L. PHILLIPPE

Treasurer

JOHN D. LOCKTON

Secretary

RAY H. LUEBBE

Commercial Vice Presidents

WILLIAM V. O'BRIEN . . . . New York

RALPH M. DARRIN . . . . New York
ORVILLE F. HAAS . . . . Philadelphia
CLAUDE J. HENDON . . . . Atlanta
GEORGE L. IRVINE . . . . Dallas
SAMUEL LITTLEJOHN . . . . Cleveland
ROSS I. PARKER . . . . Chicago
WARDE B. STRINGHAM . . . . Washington
RAY W. TURNBULL . . . . San Francisco

Organization Changes

Donald L. Millham, formerly the Company's Comptroller, was elected a Vice President on May 22 and became General Manager of the Lamp Division.

Arthur F. Vinson was elected a Vice President as of September 1 and became responsible for Manufacturing Services.

Nicholas M. DuChemin, Vice President, became responsible on October 1 to the Chairman of the Board for assignments with respect to the Canadian General Electric Co., Ltd., with headquarters in Toronto. Mr. DuChemin's assignments are related to the Chairman's duties as Group Executive for the Affiliated and Foreign Companies Group. Mr. DuChemin had been Vice President responsible for Manufacturing Services.

Clarence H. Linder, Vice President, became responsible for Engineering Services on May 1, 1953. He had been Vice President and General Manager of the Major Appliance Division.

Charles K. Rieger, Vice President, became General Manager of the Major Appliance Division on May 1. He had been Vice President and General Manager of the Small Appliance Division.

Harry A. Winne, a Vice President since 1941, retired on November 1 after more than 43 years' service, under provisions of the Company Pension Plan.

Fred F. Harroff resigned as Vice President on May 1. He continues to serve as a consultant to the General Manager of the Lamp Division.

Gerald L. Phillippe was elected Comptroller on May 22 and became responsible for Accounting Services.

George L. Irvine was elected a Commercial Vice President as of May 1, with headquarters in Dallas, Texas.

Arthur R. Hines resigned as a Commercial Vice President on March 15 and was appointed Manager of Southern Field Sales, the Apparatus Sales Division.

William B. Clayton, Commercial Vice President, retired on May 1 after 45 years' service.

George R. Prout, Vice President in charge of nucleonic and atomic projects, died on March 8. He had been in the Company's service nearly 33 years.

TRANSFER AGENTS

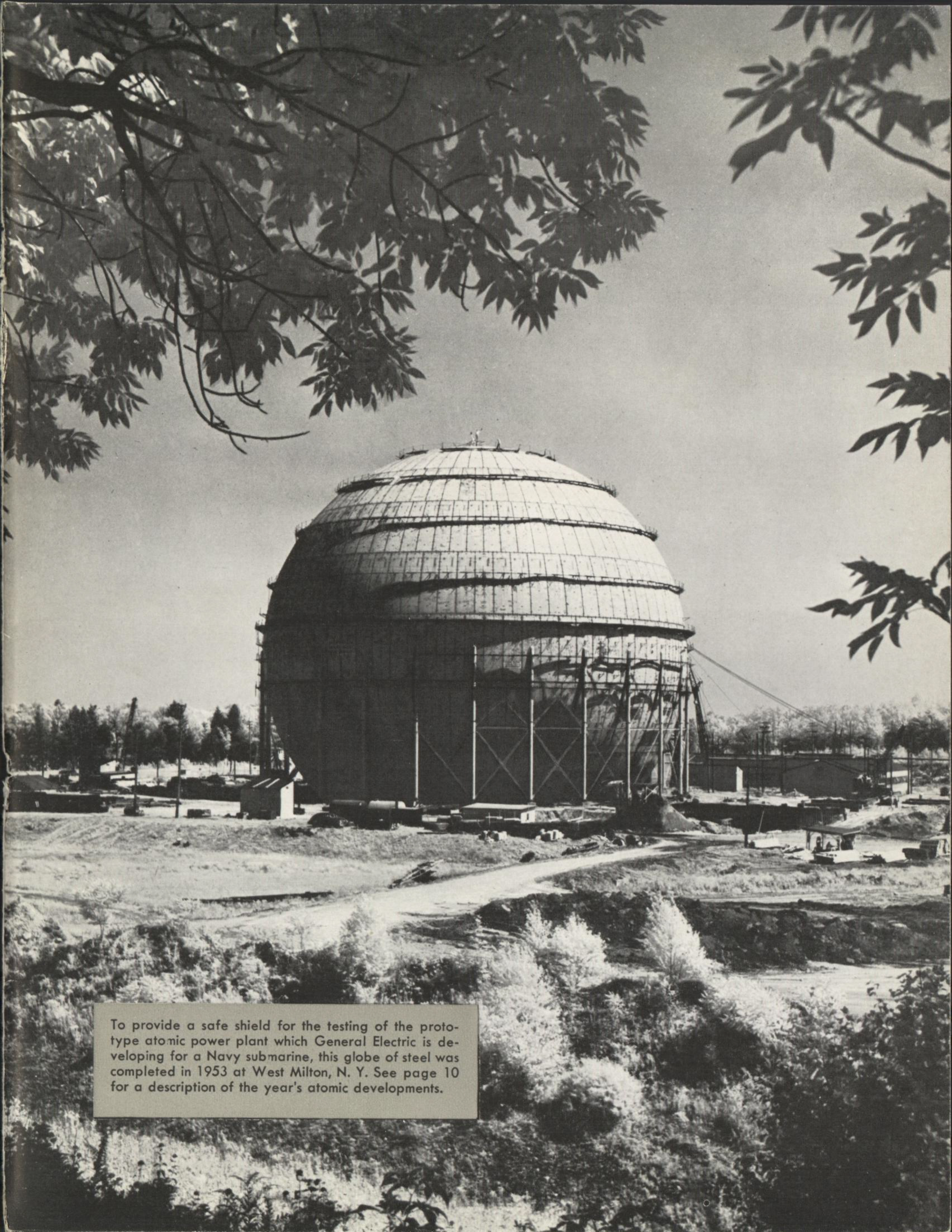
Office of the Company
570 Lexington Avenue, New York 22, N. Y.

Old Colony Trust Company
45 Milk Street, Boston 6, Massachusetts

REGISTRARS

Guaranty Trust Company of New York
140 Broadway, New York 15, N. Y.

The First National Bank of Boston
45 Milk Street, Boston 6, Massachusetts

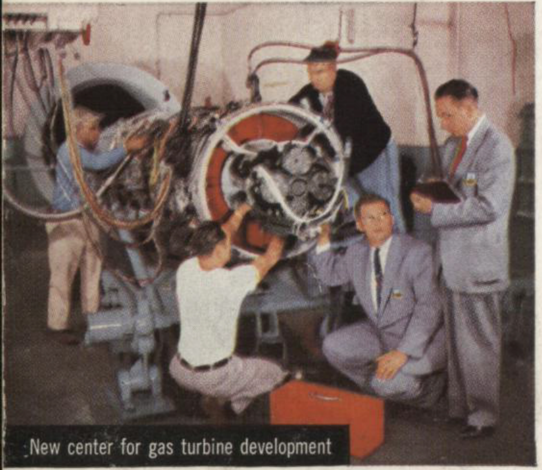


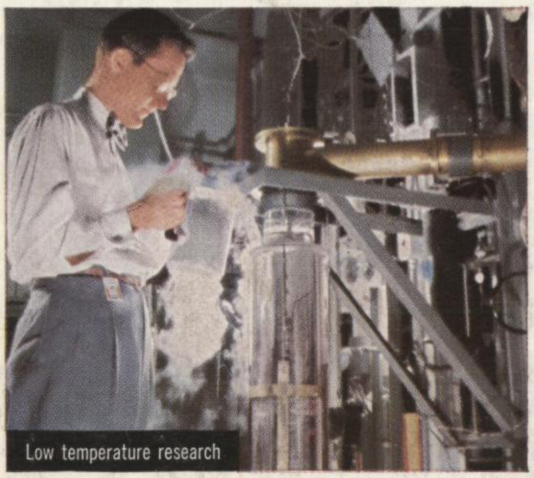
To provide a safe shield for the testing of the prototype atomic power plant which General Electric is developing for a Navy submarine, this globe of steel was completed in 1953 at West Milton, N. Y. See page 10 for a description of the year's atomic developments.

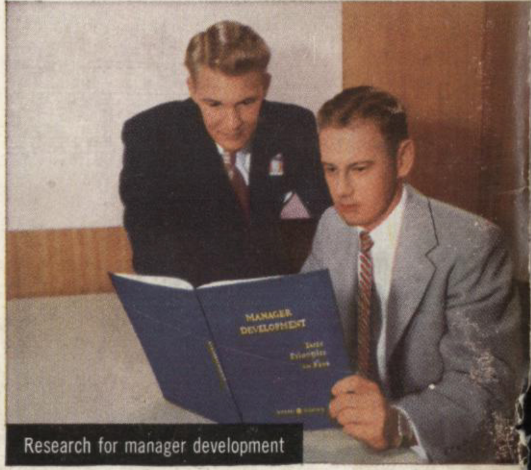
New fields for electronics

Developing new home appliances

Operations research


New center for gas turbine development


Low temperature research



Research for manager development

Marketing research

Meter and instruments development

Switchgear for higher voltages.